

CONFORMED COPY

Agreement

between

GOVERNMENT OF KINGDOM OF SWEDEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

for

the Administration of Certain Funds  
to be made available by

GOVERNMENT OF THE KINGDOM OF SWEDEN

in conjunction with  
Special Program of Assistance for Low Income,  
Debt-Distressed Countries  
(The Republic of Zambia)

Date February 26, 1991

AGREEMENT

AGREEMENT dated as of February 26, 1991, between the GOVERNMENT OF THE KINGDOM OF SWEDEN represented by the Swedish International Development Authority (hereinafter referred to as SIDA) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association).

Whereas: (A) the Association intends to enter into an agreement (hereinafter referred to as the Development Credit Agreement) with the Republic of Zambia (hereinafter referred to as Zambia) in which the Association will make available to Zambia a credit for an Economic Recovery Program (hereinafter referred to as the Program);

(B) SIDA wishes to make available a grant in an amount equivalent to fifty million Swedish Kronor (SEK 50,000,000) to assist Zambia in servicing its debt to the International Bank for Reconstruction and Development (hereinafter referred to as the Bank);

(C) SIDA further wishes the Association to adminis-

ter said funds until the debt service concerned has been settled by Zambia, and the Association has agreed to administer them upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Administration of the Funds

Section 1.01. For the purpose of this Agreement SIDA shall deposit in U.S. dollars an amount equivalent to SEK 50,000,000 (the Grant) into the "T" Account maintained in the name of the Association with the Federal Reserve Bank of New York (hereinafter referred to as the Trust Account). The funds in the Trust Account shall be freely exchangeable by the Association with other currencies as may facilitate their administration hereunder.

(b) The Grant shall be deposited into the Trust Account promptly after the effectiveness of this Agreement. To facilitate the administration of trust fund assets, the Association may deposit other trust fund assets into the Trust Account.

Section 1.02. SIDA hereby appoints the Association as administrator of the Grant and authorizes the Association to: (a) hold and disburse the proceeds of the Grant thereof towards making the payments of debt service owed by Zambia to the Bank; and (b) do any and all such acts and things as may be necessary or appropriate to fully accomplish the foregoing. The Association shall so apply the proceeds of the Grant only after the Board of Executive Directors of the Association has approved the Development Credit Agreement for the Program.

Section 1.03. The Association shall exercise the same care in the discharge of its functions hereunder as it exercises with respect to the administration and management of its own affairs and shall have no further responsibility to Sweden in respect thereof.

Section 1.04. The Association may invest and reinvest the Grant in the Trust Account pending its withdrawal pursuant to Section 1.02 of this Agreement. The Association shall deposit any such investment income in the Trust Account and apply it towards repaying debt service owed by Zambia.

#### ARTICLE II

##### Records, Accounts

Section 2.01. The Association shall: (a) maintain separate records and ledger accounts of the Grant withdrawn from the Trust Account; and (b) when all the Grant has been withdrawn from the Trust Account, prepare a financial statement duly authorized by the Association's external auditors with respect to the Trust Account and forward a copy to SIDA.

#### ARTICLE III

##### Consultation

Section 3.01. SIDA and the Association shall consult from time to time at the request of each other on all matters arising from this Agreement and other matters of common interest to them in fulfilling the objectives of the Grant.

ARTICLE IV

Effectiveness, Termination

Section 4.01. This Agreement shall become effective upon signatures by the parties.

Section 4.02. If at any time it appears to either party that the purposes of this Agreement cannot effectively or appropriately be carried out, the arrangements set forth herein may be terminated at the initiative of such party on thirty days' notice in writing to the other. Upon such termination, unless SIDA and the Association otherwise agree, any of the Grant funds held hereunder by the Association shall be returned to SIDA and the Association's administration shall be considered terminated.

Section 4.03. The Agreement shall terminate when the Grant amount has been withdrawn and applied by the Association as provided in Section 1.02 of this Agreement.

ARTICLE V

Miscellaneous

Section 5.01. This Agreement may be amended only by written agreement of the parties hereto.

Section 5.02. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or mail, telephone, cable, telex or rapidfax to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving notice or making such request. The addresses so specified are:

For SIDA:

Swedish International Development  
Authority  
S-105 25 Stockholm  
Sweden

Telex:

11450 SIDA STHLM

For the Association:

International Development Association  
1818 H Street N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INDEVAS                      197688 (TRT),  
Washington, D.C.            248423 (RCA),  
   64145 (WUI) or  
   82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective

names as of the day and year first above written.

GOVERNMENT OF THE KINGDOM OF SWEDEN

By /s/ Sven-Olof Peterson  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Stephen Denning  
Acting Regional Vice President  
Africa

