

CREDIT NUMBER 1976 GH

Agreement

for

the Administration of Certain Funds  
to be made available by the

DANISH INTERNATIONAL DEVELOPMENT AGENCY

in Conjunction with the Forest Resource  
Management Project

in the

REPUBLIC OF GHANA

Dated September 22, 1989

CREDIT NUMBER 1976 GH

AGREEMENT

AGREEMENT, dated September 22, 1989, between the DANISH INTERNATIONAL DEVELOPMENT AGENCY (hereinafter referred to as DANIDA) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) to provide for the administration, by the Association, of certain funds to be made available by DANIDA to Republic of Ghana (hereinafter referred to as Ghana).

WHEREAS, DANIDA wishes to make available to Ghana a grant in an aggregate amount equivalent to eight million three hundred thousand United States Dollars (\$8,300,000) (hereinafter referred to as the Grant) to assist Ghana in the financing of the Forest Resource Management Project (hereinafter referred to as the Project);

WHEREAS, DANIDA has requested, and the Association has agreed, to administer the Grant in conjunction with the Credit made by the Association to Ghana under the Forest Resource Management Project Development Credit Agreement entered into between Ghana and the Association on February 16, 1989 (hereinafter referred to as the Development Credit Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Association, as administrator on behalf of DANIDA, shall enter into such agreements with Ghana as it may deem appropriate but consistent with the terms and conditions of the Development Credit Agreement (excluding the debt service provisions thereof) for the purpose of assisting in the financing of the Project. Such agreements with Ghana shall, inter alia, provide that the proceeds of the Grant withdrawn by Ghana need not be repaid and shall bear no interest or other charges.

Section 1.02. The Association, as administrator on behalf of DANIDA,

shall have the sole responsibility for the supervision of the Project and shall keep DANIDA informed of the progress of the Project. Before sending missions to review the progress of the Project, the Association shall inform DANIDA on the timing of such missions so as to enable DANIDA to participate and to exchange views on the results of such missions.

Section 1.03. The administration and enforcement of any provisions of any agreement entered into between Ghana and the Association for the purposes of this Agreement shall be handled solely by the Association, and the Association specifically reserves the right, at its discretion and without notice to DANIDA, to exercise, refrain from exercising or waive any rights under such agreement or to modify any provision thereof, provided, however, that before suspending the right of Ghana to make withdrawals shall inform DANIDA and afford DANIDA a reasonable opportunity for consultation with the Association.

Section 1.04. The Association shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

## ARTICLE II

Section 2.01. For the purpose of this Agreement, DANIDA shall deposit an aggregate amount equivalent to eight million three hundred thousand United States Dollars (\$8,300,000) in four tranches into a trust account maintained with the Federal Reserve Bank, New York, in the name of the Association (hereinafter referred to as the Trust Account), pending their disbursement to Ghana, the Association may keep the funds deposited in the Trust Account into an interest bearing account. The first tranche amounting to three million United States Dollars (\$3,000,000) shall be payable upon effectiveness of this Agreement; the second tranche amounting to two million United States Dollars (\$2,000,000) shall be payable on January 7, 1990; the third tranche amounting to one million five hundred thousand United States Dollars (\$1,500,000) shall be payable on January 7, 1991; and the fourth tranche amounting to one million eight hundred thousand United States Dollars (\$1,800,000) shall be payable on January 7, 1992.

Section 2.02. The Association shall withdraw from the Trust Account such amounts as, from time to time, shall be needed to meet the reasonable cost of goods and services financed or to be financed pursuant to Section 1.01 of this Agreement, such withdrawals to be effected through the normal disbursement procedures of the Association.

Section 2.03. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Association under this Agreement, DANIDA shall pay to the Association an administration fee of two percent (2%) of the amount of the grant, that is a total of one hundred and sixty-six thousand United States Dollars (\$166,000).

## ARTICLE III

Section 3.01. The Association shall:

(a) be allowed to commingle the funds received from DANIDA with other trust fund assets but shall maintain separate records and ledger accounts in respect of the funds disbursed by the Association pursuant to the provisions of this Agreement;

(b) be permitted to invest the funds pending their disbursement, and any income earned thereon shall be credited to the Trust Account. The income may be used to pay for the external auditor's fee relating to the audit. The balance in the Trust Account relating to the grant contribution from DANIDA and the income earned thereon (after deduction of the auditor's fee) shall be returned to DANIDA upon project completion;

(c) cause such accounts and records to be audited and certified by the Association's external auditors for each fiscal year (June 30) that funds shall remain in the Trust Account; and

(d) furnish the report of such audit by said auditors to DANIDA immediately after the completion of the Project.

ARTICLE IV

Section 4.01. DANIDA and the Association shall consult, from time to time, at the request of either party, on all matters arising out of this Agreement and on other matters of common interest to them in the administration of the Trust Account or the carrying out of the Project.

ARTICLE V

Section 5.01. This Agreement shall become effective as of the date first above written and, subject to the provisions of this Article, shall continue in effect until the entire proceeds of the grant have been withdrawn.

Section 5.02. If at any time it appears to either party that the purposes of this Agreement cannot effectively or appropriately be carried out, this Agreement may be terminated at the initiative of such party on ninety days' (90 days) notice in writing to the other party.

Section 5.03. Upon termination of this Agreement, unless the parties agree on another course of action, any funds including any accrued interest on such funds or other property of DANIDA held hereunder by the Association shall be returned to DANIDA, and the Association's administration shall be considered terminated.

Section 5.04. Promptly after termination of the Agreement, the Association shall furnish to DANIDA a final report and a financial statement of the Trust Account, together with an opinion of the Association's external auditors on such statement.

ARTICLE VI

Section 6.01. This Agreement may be amended only by written agreement of the parties hereto.

Section 6.02. 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 by mail, telegram, 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 addresses as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For DANIDA:

DANIDA  
Asiatisk Plads 2, 1448 Kobenhavn K  
Denmark

Cable address:	Telex:
ETRANGERES Kobenhavn	31292

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	440098 (ITT) 248423 (RCA) or 64145 (WUI)

IN WITNESS WHEREOF, the undersigned duly authorized thereto have signed this Agreement

DANISH INTERNATIONAL DEVELOPMENT AGENCY

By /s/ Klaus Nyholm

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Caio K. Koch-Weser

Acting Regional Vice President  
Africa

