

CONFORMED COPY

AFRICAN FACILITY CREDIT A-30 ZR
JAPANESE GRANT AGREEMENT

Japanese Grant Agreement

(Structural Adjustment Program)

between

REPUBLIC OF ZAIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as ADMINISTRATOR on behalf of the
GOVERNMENT OF JAPAN

Dated July 29, 1987

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AGREEMENT, dated July 29, 1987, between the REPUBLIC OF ZAIRE (the Beneficiary) and the INTERNATIONAL DEVELOPMENT ASSOCIATION as Administrator (the Administrator) on behalf of the GOVERNMENT OF JAPAN (Japan).

WHEREAS (A) the Executive Directors of the International Development Association (IDA) have established by their Resolution No. IDA 85-1 of May 21, 1985 (the Resolution), a Special Facility for Sub-Saharan Africa (the African Facility) constituted by the funds contributed by the International Bank for Reconstruction and Development (the Bank) and other donors and administered by IDA, for the purpose of, and in accordance with, the provisions of the Resolution;

(B) Pursuant to Section F of the Resolution, Japan has agreed to provide funds in the form of a contribution (the SJF Contribution) in support of projects and of programs of structural change, policy reform and institutional improvement in countries which are eligible for financing from the African Facility's resources;

(C) by the agreement set forth in the letter of Japan and confirmed by IDA on August 19, 1986, (the Letter) concerning the SJF Contribution, Japan and IDA agreed that IDA will act as Administrator of the Japanese funds in accordance with the provisions of the Letter;

(D) the Administrator has received a letter, dated June 2, 1987, from the Beneficiary describing a program and calendar of actions, objectives and policies designed to improve the efficiency of the economy sector of the Beneficiary (hereinafter called the Program), declaring the Beneficiary's commitment to the execution of the Program and requesting assistance from the resources of the African Facility in the financing of urgently needed imports required during such execution, and the Administrator has determined that such assistance would be in accordance with the provisions of the Resolution;

(E) the Beneficiary has requested Japanese funds from the Administrator for additional assistance in the financing of the Program, and the Administrator has determined that provision of such funds in an amount of one billion one hundred million yen (Y 1,100,000,000) (the Japanese Grant) would be in accordance with the provisions of the Resolution and the Letter;

(F) the Beneficiary also intends to receive from Japan additional financing for the Program in the form of a loan in the amount of one billion one hundred million yen (Y 1,100,000,000); and

(G) the Beneficiary has received from IDA a development credit in an amount equivalent to forty-two million two hundred thousand Special Drawing Rights (SDR 42,200,000) and from IDA, as Administrator of the Special Facility for Sub-Saharan Africa, an African Facility Credit in an amount equivalent to seventy-two million two hundred thousand Special Drawing Rights (SDR 72,200,000), the latter pursuant to an agreement between IDA as such Administrator and the Beneficiary, dated (hereafter called the African Facility Credit Agreement), each to assist the Beneficiary in financing the Program;

WHEREAS, the Administrator has agreed, on the basis, inter alia, of the foregoing, to act as Administrator of the Japanese Grant;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of IDA, dated January 1, 1985, with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) the term "Association", whenever used in the General Conditions, means IDA acting as Administrator of the Japanese Grant, except in the phrase "member of the Association" in Sections 2.01(5) and 6.02(e)(i);

(b) the term "Borrower", wherever used in the General Conditions, means the Beneficiary;

(c) the terms "Credit", "Development Credit Agreement" and "Credit Account", whenever used in the General Conditions, are amended to read "Japanese Grant",

"Japanese Grant Agreement" and "Japanese Grant Account", respectively;

(d) Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01(a), the second sentence of Section 5.01 and Article XII are deleted;

(e) in Sections 2.01 and 6.02, the term "Association" shall include also the International Development Association acting in its own capacity; and

(f) paragraph 9 of Section 2.01 is modified to read as follows:

"The term 'Project' means the purchases of the imports that may be financed out of the proceeds of the Japanese Grant in accordance with Section 2.02 (a) of the Japanese Grant Agreement".

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the African Facility Credit Agreement, with the exception of paragraph (c) of Section 1.02 of the African Facility Credit Agreement, have the respective meanings therein set forth, and the following terms have the following meanings:

(a) "Special Account C" means the account referred to in Section 2.02 (c) of this Agreement; and

(b) "Part II member of IDA" means a member of IDA with respect to which the terms and conditions of membership are those prescribed in the Articles of Agreement of IDA for countries whose names are listed in Part II of Schedule A to those Articles and any other member of IDA determined to be a Part II member pursuant to Article II, paragraph 1 (b) of such Articles.

ARTICLE II

The Japanese Grant

Section 2.01. The Administrator agrees to extend to the Beneficiary, on the terms and conditions set forth or referred to in this Agreement, a grant in various currencies equivalent to one billion one hundred million Yen (Y 1,100,000,000).

Section 2.02. (a) The amount of the Japanese Grant may be withdrawn from the Japanese Grant Account in accordance with the provisions of this Section and of paragraphs 1 and 2 of Schedule 1 to the African Facility Credit Agreement, as such Schedule may be amended, from time to time, by agreement between the Beneficiary and IDA, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Program and to be financed out of the proceeds of the Japanese Grant.

(b) Withdrawals shall be made only on account of expenditures for goods produced in, or services supplied from, the territories of: (i) any Part II member of IDA; and (ii) any country designated by IDA, acting as Administrator of the African Facility, as meeting the provisions set forth in paragraphs 4(f)(ii) or (iii) of the Resolution.

(c) The Beneficiary shall, for the purposes of the Program, open and maintain in yen a special account (Special Account C) in a commercial bank on terms and conditions satisfactory to the Administrator. Deposits

into, and payments out of, Special Account C shall be made in accordance with the provisions of the Schedule to this Agreement.

(d) Notwithstanding the provisions of subparagraph (a) above, the Administrator shall, at the request of Japan, suspend the Beneficiary's right to make withdrawals and payments out of Special Account B under this Agreement if an event shall have occurred which would have entitled the Administrator to suspend the Beneficiary's right to make withdrawals under the African Facility Credit Agreement (whether or not the full amount of the African Facility Credit has then been withdrawn).

(e) Whenever a disbursement from the Japanese Grant Account is required to be made in a currency other than yen for the purposes of this Agreement, the Administrator shall withdraw from the Japanese Grant Account an amount in yen sufficient for the Administrator to purchase the required amount of the appropriate currency.

Section 2.03. Except as the Administrator shall otherwise agreed procurement of the goods required for the Program and to be financed out of the proceeds of the Japanese Grant shall be governed by the provisions of Schedule 3 to the African Facility Credit Agreement; provided, however, that the eligibility requirements set forth in Section 2.02 (b) of this Agreement shall be stated in the tender documents for the procurement of such goods.

Section 2.04. The Closing Date shall be December 31, 1988, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Beneficiary of such later date.

Section 2.05. The Bank of Zaire is designated as representative of the Beneficiary for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Effectiveness; Termination; Representatives

Section 3.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.02 (b) of the General Conditions, namely, that all conditions precedent to the effectiveness of the African Facility Credit Agreement have been fulfilled.

Section 3.02. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 3.03. This Agreement and all obligations of the Beneficiary and of the Administrator thereunder shall terminate on the date two years after the date of this Agreement or on the date of the disbursement of the balance of the proceeds of the Grant, whichever shall be the earlier.

Section 3.04. Except as provided in Section 2.05 above, the Commissioner of State of the Beneficiary responsible for finance shall be the representative of the Beneficiary for the purposes of Section 11.03 of the General Conditions.

Section 3.05. The addresses specified in Section

6.02 of the African Facility Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF ZAIRE

By /s/ NGUZ a KARL-I-BOND
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf of the
GOVERNMENT OF JAPAN

By /s/ Edward V. K. Jaycox
Regional Vice President
Africa

SCHEDULE

Special Account C

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of the reasonable cost of the goods and services required during the execution of the Program and to be financed out of the proceeds of the Japanese Grant in accordance with the provisions of Schedule 1 to the African Facility Credit Agreement; and

(b) the term "Authorized Allocation" means an amount equivalent to 500,000 dollars to be withdrawn from the Japanese Grant Account and deposited into Special Account C pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Administrator shall otherwise agree, payments out of Special Account C shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Administrator has received evidence satisfactory to it that Special Account C has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish Special Account C may be made as follows:

(a) on the basis of a request or requests by the Beneficiary for a deposit or deposits which add up to the amount of the Authorized Allocation, the Administrator shall, on behalf of the Beneficiary, withdraw from the Japanese Grant Account and deposit into Special Account C such amount or amounts as the Beneficiary shall have requested.

(b) The Beneficiary shall furnish to the Administrator requests for replenishment of Special Account C at such intervals or in such minimum amounts as

the Administrator shall specify. On the basis of such requests, the Administrator shall withdraw from the Japanese Grant Account and deposit into Special Account C such amounts as shall be required to replenish Special Account C with amounts no exceeding the amount of payments made out of Special Account C for eligible expenditures. All such deposits shall be withdrawn by the Administrator from the Japanese Grant Account in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Beneficiary out of Special Account C, the Beneficiary shall furnish to the Administrator, prior to or at the time of any request for replenishment, or at the request of the Administrator, such documents and other evidence as the Administrator shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into Special Account C shall be made by the Administrator when either of the following situations first arises:

(i) the Administrator shall have determined that all further withdrawals should be made by the Beneficiary directly from the Japanese Grant Account in accordance with the provisions of Article II of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the Japanese Grant minus the amount of any special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Japanese Grant Account of the remaining unwithdrawn amount of the Japanese Grant shall follow such procedures as the Administrator shall specify by notice to the Beneficiary. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in Special Account C as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Administrator shall have determined at any time that any payment out of Special Account C: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Beneficiary shall, promptly upon notice from the Administrator, deposit into Special Account C (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Administrator into Special Account C shall be made until the Beneficiary has made such deposit or refund.

(b) If the Administrator shall have determined at any time that any amount outstanding in Special Account C will not be required to cover further payments for eligible expenditures, the Beneficiary shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount for crediting to

the Japanese Grant Account.

