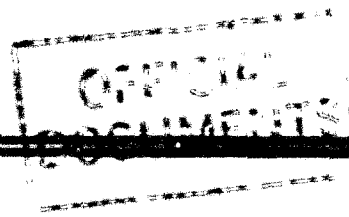


AGREEMENT

Public Disclosure Authorized

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SWEDISH GRANT RELATED TO CREDIT NUMBER 1882 BO

Agreement

for the Administration of Certain Funds
to be made available by the

GOVERNMENT OF THE KINGDOM OF SWEDEN

in respect of the Second Emergency Social Fund Project
(Credit Number 1882-B0)

in the

REPUBLIC OF BOLIVIA

Dated *December 23*, 1988

ADMINISTRATION AGREEMENT

AGREEMENT, dated *December 23*, 1988 between the GOVERNMENT OF THE KINGDOM OF SWEDEN (Sweden) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) to provide for the administration by the Association of certain funds to be made available by Sweden to the REPUBLIC OF BOLIVIA (the Recipient).

WHEREAS (A) By an agreement (the Development Credit Agreement) dated March 4, 1988, between the Recipient and the Association, the Association extended a development credit (the Credit) to the Recipient in an amount equivalent to nineteen million Special Drawing Rights (SDR 19,000,000) to assist in the financing of the Second Emergency Social Fund Project (the Project) described in Schedule 2 to the Development Credit Agreement,

(B) Sweden wishes to make available to the Recipient a grant (the Grant) in an amount of twenty four million eight hundred thousand Swedish Kronor (SEK 24,800,000) to further assist in the financing of the Project; and

WHEREAS, the Association, at the request of Sweden, has agreed to administer the Grant upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the respective meanings therein set forth and the following terms have the following meanings:

(a) "SIDA" means the Swedish International Development Authority, an agency of Sweden;

(b) "Kronor" and "SEK" mean the currency of the Kingdom of Sweden;

(c) "General Conditions" means the "General Conditions applicable to Development Credit Agreements" of the Association dated January 1, 1985;

(d) "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement;

(e) "Closing Date" means the date specified in the Development Grant Agreement as defined below after which the Association may, by notice to the Recipient, terminate the right of the recipient to withdraw the proceeds of the Grant;

(f) "Trust Account" means the Association Account "T" with _____ Bank in _____ to which the amount of the Grant shall be credited; and

(g) "Development Grant Agreement" means the agreement to be entered into between the Association and the Recipient pursuant to Section 3.01 of this Agreement.

ARTICLE II

The Grant

Section 2.01. For the purpose of this Agreement, Sweden shall deposit the following amounts in the Trust Account:

(a) SEK 12,400,000, promptly after the effectiveness of this Agreement;

(b) SEK 6,200,000, promptly upon receipt by Sweden from the Association of a request for deposit of said amount, together with a report covering the expenditure of the amount referred to in paragraph (a) above; and

(c) SEK 6,200,000, promptly upon receipt by Sweden from the Association of a request for deposit of said amount, together with a report covering the expenditure of the amount referred to in paragraph (b) above.

The funds in the Trust Account attributable to the Grant may be comingled with other trust fund assets maintained in the Trust Account and shall be freely exchangeable by the Association with other currencies in order to facilitate their disbursement.

Section 2.02. The Association shall disburse from the Trust Account such amounts attributable to the Grant as shall from time to time be needed to meet the costs of goods and services financed or to be financed pursuant to Section 3.01 of this Agreement. Such disbursements shall be effected on the basis of applications for withdrawals for eligible expenditures submitted by the Recipient in accordance with the Association's normal disbursement procedures for withdrawal and disbursement of proceeds of credits made by the Association.

Section 2.03. In order to assist in defraying the cost of administration and other expenses incurred by the Association under this Agreement, the Association may invest and reinvest the funds in the Trust Account attributable to the Grant, pending their disbursement to the Recipient, and may retain for its own account the income from any such investment or reinvestment.

ARTICLE III

Administration of the Grant

Section 3.01. The Association, as Administrator on behalf of Sweden, shall enter into a Development Grant Agreement and such other agreements with the Recipient, 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 financing the Project. Such agreement or agreements with the Recipient shall, inter alia, provide that the proceeds of the Grant may be withdrawn by the Recipient to finance the reasonable cost of goods required for the Project and otherwise eligible for financing under the Development Credit Agreement, and that the amounts to be withdrawn need not be repaid and shall bear no interest or other charges. A copy of each such agreement shall be furnished to Sweden.

Section 3.02. The Association, as Administrator on behalf of Sweden, shall have the sole responsibility for supervision of the Project.

Section 3.03. Sweden and the Association shall consult from time to time, at their mutual request, on all matters arising out of this Agreement.

Section 3.04. The Association shall keep Sweden informed of the progress of the Project. To that end, the Association shall

furnish to Sweden biannual progress reports relating to the Project.

Section 3.05. The administration and enforcement of the provisions of the Development Grant Agreement and of any other agreement entered into between the Recipient 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 Sweden, to exercise, refrain from exercising or waive any rights under such agreement or agreements or to modify any provision thereof, provided, however, that before suspending the right of the Recipient to make withdrawals of funds under such agreement or agreements, the Association shall inform Sweden and afford Sweden a reasonable opportunity for consultation with the Association.

Section 3.06. The Association shall inform Sweden of any proposed significant modification to the Development Credit Agreement and shall afford Sweden a reasonable opportunity to exchange views with the Association before effecting any such modification.

Section 3.07. 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 and shall have no further responsibility to Sweden in respect thereof.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Association shall maintain separate records and ledger accounts in respect of the funds in the Trust Account. At the completion of each fiscal year of the Association during which any funds remain in the Trust Account that are attributable to the Grant, the Association shall prepare a financial statement, in United States dollars or Kronor, at the discretion of the Association, with respect to the Grant and furnish a copy to Sweden.

Section 4.02. The Association shall cause the records and accounts with respect to the Grant to be audited by the Associations' external auditors for each fiscal year that funds attributable to the Grant shall remain in the Trust Account and shall furnish the report of such audit by said auditors to Sweden.

The Association may deduct the costs of such audits from the income realized from the investment or reinvestment referred to in Section 2.03 of this Agreement in the Trust Account attributable to the Grant.

ARTICLE V

Effectiveness; Termination

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 all disbursements have been made from the Trust Account to the Recipient and any cancelled portion of the Grant shall have been returned to Sweden.

Section 5.02. If, at any time it appears to either party that the purposes of this Agreement can no longer effectively or appropriately be carried out, this Agreement may be terminated at the initiative of such party after ninety (90) days' written notice to that effect.

Section 5.03. Upon termination of this Agreement, unless the parties agree on another course of action, any agreement or provision thereof entered into by the Association, as Administrator on behalf of Sweden, shall be assigned to Sweden which shall accept such assignment and any funds or other property of Sweden held hereunder by the Association shall be returned to Sweden, and the Association's administration hereunder shall be considered terminated.

Section 5.04. Promptly after termination of this Agreement, and in any event not later than six months after the Closing Date, the Association shall furnish to Sweden a final report and a financial statement on the Trust Account, together with an opinion of the Association's external auditors on such statement.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. SIDA is designated as representative of Sweden for all purposes of this Agreement.

Section 6.02. This Agreement may be amended only by written agreement of the parties hereto.

Section 6.03. 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, mail, telegram, cable or telex 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 Sweden:

The Director General
Swedish International Development Authority
S-10525, Stockholm
Sweden

Cable address:

SIDA

Telex:

11450

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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

THE GOVERNMENT OF SWEDEN

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Rainer Heckhaus

Regional Vice President
Latin America and the Caribbean