

CONFORMED COPY

AGREEMENT RELATED TO CREDIT NUMBER 2608 UG
(TF 27933)

Agreement

between

THE GOVERNMENT OF SWEDEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

for

the Administration of Certain Funds
to be made available by

THE SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY

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

Dated December 30, 1994

AGREEMENT RELATED TO CREDIT NUMBER 2608 UG
(TF 27933)

AGREEMENT

AGREEMENT between THE GOVERNMENT OF SWEDEN (Sweden)
represented by the Swedish International Development Authority
(SIDA) and the INTERNATIONAL DEVELOPMENT ASSOCIATION
(hereinafter referred to as the Association).

WHEREAS: (A) the Association has made available to the
Republic of Uganda (hereinafter referred to as Uganda) a second
credit in support of Uganda's structural adjustment program
(hereinafter referred to as the Program) pursuant to a
Development Credit Agreement, dated June 22, 1994, between
Uganda and the Association (hereinafter referred to as the
Development Credit Agreement);

(B) Sweden wishes to make available a grant of fifteen
million Swedish kroner (SEK 15,000,000) to assist Uganda in its
debt service to the International Bank for Reconstruction and
Development (hereinafter referred to as the Bank) pursuant to
an agreement to be entered into between Sweden and Uganda, a
copy of which will be made available to the Bank; and

(C) Sweden further wishes the Association to administer said funds until the debt service payments concerned have become due and payable by Uganda, 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. (a) For the purpose of this Agreement, Sweden shall deposit fifteen million Swedish kroner (SEK 15,000,000) (the Grant) into the International Development Association's Cash Account "T" (No. 89501-00225) which is maintained with Sveriges Riksbank (the T-Account).

(b) When making the deposit, Sweden will notify Sveriges Riksbank to advise the Association's Cash Management Department as to the amount deposited; that it is from Sweden for the Structural Adjustment Program in Uganda, Project No. 27933, and the date of the deposit.

(c) When arranging for the deposits Sweden shall send a fax of the deposit instruction to the Office of Trust Funds Administrator at the World Bank utilizing Fax No. (202) 522-3397.

(d) The Grant shall be deposited into the T-Account promptly after the effectiveness of this Agreement. The Grant funds will be kept separate and apart from the funds of the Association. The Grant funds may be commingled with other trust funds assets maintained in the T-Account. The funds in the T-Account may be freely exchanged by the Association into other currencies as may facilitate their disbursement.

Section 1.02. Sweden hereby appoints the Association as administrator of the Grant and authorizes the Association to: (a) hold and disburse the proceeds thereof towards making the payments of principal and interest due and payable by Uganda to the Bank; and (b) do any and all such acts and things as may be necessary or appropriate to fully accomplish the foregoing; provided, however, that in the event the Association shall have suspended Uganda's right to make withdrawals under the Development Credit Agreement, the Association may withhold disbursements of the Grant until such right of Uganda has been restored.

Section 1.03. 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.

Section 1.04. The Association may invest and reinvest the Grant funds pending their disbursement. The Association shall pay Sweden the balance of the income from the investment on an annual basis, no later than September 1 of each year, except as may otherwise be agreed between Sweden and the Association.

ARTICLE II

Records, Accounts

Section 2.01. The Association shall: (a) maintain separate records and ledger accounts of the Grant withdrawn from the T-Account; and (b) at the end of each quarter and shortly after the Grant has been disbursed in full, as expected on or about April 30, 1995, the Association will provide an unaudited financial statement to Sweden.

ARTICLE III

Consultation

Section 3.01. Sweden and the Association shall consult from time to time, at the request of each other, on all matters arising from this Agreement and in particular in case the Association suspends Uganda's right to make withdrawals under the Development Credit Agreement as provided in Section 1.02 above.

ARTICLE IV

Effectiveness, Termination

Section 4.01. This Agreement shall become effective upon signature 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 Sweden and the Association otherwise agree, any of the Grant funds held hereunder by the Association shall be returned to Sweden and the Association's administration shall be considered terminated.

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

ARTICLE V

Miscellaneous

Section 5.01. The Swedish International Development Authority, Sweden, shall be competent to represent Sweden for the application of this Agreement.

Section 5.02. This Agreement may be amended only by written agreement of the parties hereto.

Section 5.03. 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 or mail, telephone, cable, telex or rapifax 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 such notice or making such request. The addresses so specified are:

For Sweden:

Swedish International Development Authority
S-105 25 Stockholm
Sweden

Telex:

SIDA 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:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have signed this Agreement.

GOVERNMENT OF SWEDEN

By /s/ Gunilla Hesselmark

Authorized Representative

Date: December 30, 1994

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward U. K. Jaycox

Authorized Representative

Date: December 30, 1994

