

DANISH GRANT RELATED TO CREDIT NUMBER 2351 ET

Danish Grant Agreement

(Emergency Recovery and Reconstruction Credit)

between

ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds  
Provided by the  
GOVERNMENT OF THE KINGDOM OF DENMARK

Dated July 30, 1993

DANISH GRANT RELATED TO CREDIT NUMBER 2351 ET

DANISH GRANT AGREEMENT

AGREEMENT, dated July 30, 1993, between ETHIOPIA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION, as Administrator (the Administrator) of Grant Funds Provided by the GOVERNMENT OF THE KINGDOM OF DENMARK (the Government).

WHEREAS: (A) the Recipient has requested the assistance of the International Development Association (the Association) and the Government in the financing of its Emergency Recovery and Reconstruction Credit (the Program) referred to in the Preamble to Development Credit Agreement Number 2351-ET, dated April 24, 1992, between the Recipient and the Association (the Development Credit Agreement);

(B) the Association has granted a Credit for this purpose on the terms and conditions set forth in the Development Credit Agreement;

(C) the Government wishes to make available to the Recipient a grant of nine million Danish Kroner (DKr 9,000,000), (the Danish Grant) to assist the Recipient in financing part of the Program on the terms and conditions hereinafter set forth;

(D) pursuant to an Agreement dated July 30, between the Government and the Association (the Administration Agreement), the Government appointed the Association as Administrator of the Danish Grant funds for the purpose of providing assistance to the Recipient;

(E) the Recipient acknowledges that the financial assistance extended to the Recipient under the Agreement, shall be considered as part of the bilateral development aid extended by the Government to the Recipient;

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" dated January 1, 1985 (the General Conditions), constitute an integral part of this Agreement, subject, however, to the following modifications thereof:

(a) the term "Association", whenever used in the General Conditions, means the International Development Association, acting as Administrator of the Danish Grant, pursuant to the arrangements between the Government and the Association referred to in the Preamble to this Agreement, except in the phrase "member of the Association" in Section 2.01 (5) and Section 6.02 (e);

(b) the term "Development Credit Agreement", wherever used in the General Conditions, means this Agreement;

(c) the term "Credit", wherever used in the General Conditions, means the Danish Grant extended to the Recipient under this Agreement;

(d) the term "Credit Account", wherever used in the General Conditions, shall be amended to read "Danish Grant Account";

(e) Section 2.01 shall be modified to read:

"Section 2.01. 'Project' means the import and other activities that may be financed out of the proceeds of the Danish Grant pursuant to the provisions of Schedule 1 to the Development Credit Agreement."

(f) Section 4.01 shall be modified to read:

"Section 4.01. Withdrawals from the Danish Grant Account shall be made in dollars; provided, however, that, if the expenditures to be financed out of the proceeds of the Danish Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient and at the time of a withdrawal from the Danish Grant Account, purchase such currency with the proceeds of such withdrawals."

(g) in Sections 6.02 and 7.01 the term "Association" shall also include the International Development Association acting in its own capacity;

(h) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date, as may be agreed for this purpose between the Recipient and the Administrator, the Recipient shall prepare and furnish to the Administrator a report, of such scope and in such detail as the Administrator shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Grant Agreement, the performance by the Recipient and the Administrator of their respective obligations under the Development Grant Agreement and the accomplishment of the purposes of the Danish Grant.";

(i) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), 12.02 and 12.05 are deleted.

(j) the term "Borrower", whenever used in the General Conditions, means the Recipient.

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 Development Credit Agreement have the respective meanings therein set forth, and the term the Danish Special Account means the Special Account referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms

and conditions herein set forth or referred to, a grant of nine million Danish Kroner (DKr. 9,000,000).

Section 2.02. (a) The amount of the Danish Grant may be withdrawn from the Danish Grant Account in accordance with the provisions of Category (2) of Schedule 1 to the Development Credit Agreement as it may be amended from time to time by agreement between the Recipient and the Administrator.

(b) The Recipient shall, for the purposes of the Program, open and maintain in dollars a special account in a commercial bank, on terms and conditions satisfactory to the Administrator. Deposits into and payments out of the Danish Special Account shall be made in accordance with the Schedule to this Agreement.

Section 2.03. (a) Except as the Administrator shall otherwise agree, contracts for goods to be financed out of the proceeds of the Danish Grant shall be procured, in accordance with the provisions of Schedule 2 to the Development Credit Agreement, which is hereby incorporated into this Agreement with the same force and effect as if it were fully set forth herein. The references to the Association in said Schedule shall be deemed to be references to the Association acting as Administrator of the Danish Grant.

(b) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in paragraph (a) above, no expenditures for such item shall be financed out of the proceeds of the Grant, and the Administrator may, without in any way restricting or limiting any other right, power or remedy of the Administrator under this Agreement, by notice to the Recipient, cancel such amount of the Danish Grant as, in the Administrator's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Danish Grant.

Section 2.04. The Closing Date shall be June 30, 1994, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

### ARTICLE III

#### Execution of the Project

Section 3.01. Except as otherwise expressly provided herein, Articles III and IV of the Development Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if it were fully set forth herein. All references to the "Association" in such Articles III and IV of the Development Credit Agreement shall be deemed to be references to the Association as Administrator of the Danish Grant under this Agreement. All references to the Credit and the Credit Account shall be deemed to be references to the Danish Grant and the Danish Grant Account, respectively, and all references to the Borrower shall be deemed to be references to the Recipient.

### ARTICLE IV

#### Representation; Transfer of Rights and Obligations

Section 4.01. The Minister of Finance of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Minister of Finance  
Ministry of Finance  
P.O. Box 1905  
Addis Ababa  
Ethiopia

Cable address:

MINFIN

Telex:

21147

For the Administrator:

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)

Section 4.03. In accordance with the agreement referred to in the Preamble to this Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to the Government. The Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that effect, the Government shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if the Government had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations as a party under this Agreement.

#### ARTICLE V

##### Effectiveness and Termination

Section 5.01. This Agreement shall become effective upon signature.

Section 5.02. This Agreement shall continue in effect until the Danish Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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.

ETHIOPIA

By /s/ Berhane Gebre-Christos

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds  
Provided by the  
GOVERNMENT OF THE KINGDOM OF DENMARK

By /s/ Edward V.K. Jaycox

Regional Vice President  
Africa

#### SCHEDULE

##### Danish Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of the proceeds of the Danish Grant; and

(b) the term "Authorized Allocation" means an amount of \$1,500,000 to be

withdrawn from the Danish Grant Account and deposited into the Danish Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Administrator shall otherwise agree, payments out of the Danish Special Account 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 the Danish Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Danish Special Account may be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Administrator a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Administration shall, on behalf of the Recipient, withdraw from the Danish Grant Account and deposit into the Danish Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Danish Special Account, the Recipient shall furnish to the Administrator requests for deposits into the Danish Special Account at such intervals as the Administrator shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Administrator the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Administrator shall, on behalf of the Recipient, withdraw from the Danish Grant Account and deposit into the Danish Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and evidence to have been made out of the Danish Special Account for Eligible Expenditures. All such deposits shall be withdrawn by the Administrator from the Danish Grant Account in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Danish Special Account, the Recipient shall, at such time as the Administrator shall reasonably request, furnish to the Administrator such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Administrator shall not be required to make further deposits into the Danish Special Account:

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Recipient directly from the Danish Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Danish Grant less the amount of any outstanding special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions with respect to the Program, shall equal the equivalent of the amount of the Authorized Allocation.

Thereafter, withdrawals from the Danish Grant Account of the remaining unwithdrawn amount of the Danish Grant shall follow such procedures as the Administrator shall specify by notice to the Recipient. 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 the Danish Special Account 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 the Danish Special Account:

(i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or

(ii) was not justified by the evidence furnished to the Administrator, the Recipient shall, promptly upon notice from the Administrator:

(A) provide such additional evidence as the Administrator may

request; or (B) deposit into the Danish Special Account (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. Unless the Administrator shall otherwise agree, no further deposit by the Administrator into the Danish Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Administrator shall have determined at any time that any amount outstanding in the Danish Special Account will not be required to cover further payments for Eligible Expenditures, the Recipient shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount.

(c) The Recipient may, upon notice to the Administrator, and with the Administrator's consent, refund to the Administrator all or any portion of the funds on deposit in the Danish Special Account.

(d) Refunds to the Administrator made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Danish Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

