

AGREEMENT RELATED TO CREDIT NUMBER 2326 ANG

Swedish Grant Agreement

(Lobito-Benguela Urban Environmental  
Rehabilitation Project)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of development  
aid funds provided by

THE GOVERNMENT OF SWEDEN

Dated June 17, 1994

AGREEMENT RELATED TO CREDIT NUMBER 2326 ANG

SWEDISH GRANT AGREEMENT

AGREEMENT, dated June 17, 1994, between REPUBLIC OF ANGOLA (the Grantee) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of the Swedish Grant (as hereinafter defined) provided by the Government of Sweden (Sweden).

WHEREAS: (A) Sweden has agreed to make available a grant (the Swedish Grant) through the Administrator to the Grantee to assist in the financing of Parts A and B of the Lobito-Benguela Urban Environment Rehabilitation Project (the Project), described in Schedule 2 to the Development Credit Agreement dated February 13, 1992, between the Grantee and the Association on the terms and conditions hereinafter set forth;

(B) by an agreement between Sweden and the Association (the Administration Agreement), Sweden has requested the Association, and the Association has accepted, to administer the Swedish Grant in accordance with the provisions of the Administration Agreement;

(C) the Grantee acknowledges that the financial assistance extended to the Grantee under this agreement (the Swedish Grant Agreement) shall be considered as part of the bilateral development aid extended by Sweden to the Grantee; and

(D) the Administrator has agreed on the basis, inter alia, of the foregoing to extend the Swedish Grant to the Grantee in support of the Project, upon the terms and conditions set forth in this Agreement;

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 the Association, 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 Swedish Grant pursuant to the Administration Agreement, except in the phrase "member of the Association" in Sections 2.01 (5), 4.02 (b) and 6.02 (e);

(b) the term "Development Credit Agreement", whenever used in the General Conditions, means the Swedish Grant Agreement;

(c) the term "Credit", whenever used in the General Conditions, means the Swedish Grant;

(d) the term "Credit Account", whenever used in the General Conditions, means the account opened by the Administrator in its books in the name of the Grantee to which the amount of the Swedish Grant is credited;

(e) in Section 6.02 the term "Association" shall also include the Association acting in its own capacity;

(f) 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 Grantee and the Administrator, the Grantee 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 activities referred to in the Preamble to the Swedish Grant Agreement, the performance by the Grantee and the Administrator of their respective obligations under the Swedish Grant Agreement and the accomplishment of the purposes of the Swedish Grant."; and

(g) Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), and Article XII are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Administration Agreement, and in the Preamble to this Agreement have the respective meanings therein set forth and the term "Swedish Kroner" or "SEK" means the currency of Sweden.

## ARTICLE II

### The Grant

Section 2.01. The Administrator agrees to extend to the Grantee, on the terms and conditions herein set forth or referred to, a grant in an amount of thirty million Swedish Kroner (SEK 30,000,000) or such other amount as shall have been made available by Sweden to the Administrator for this purpose pursuant to the Administration Agreement.

Section 2.02. (a) The amount of the Swedish Grant may be withdrawn from the Credit Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule may be amended from time to time by agreement between the Grantee and the Administrator for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of the goods and services required for the Project.

(b) Notwithstanding the provisions of paragraph (a) above, no withdrawals shall be made in respect of payments for taxes levied by, or in the territory of, the Grantee on goods and services or in the importation, manufacture, procurement or supply thereof.

(c) The Grantee shall, for the purposes of the Project, 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 Swedish Special Account shall be made in accordance with Schedule II of this Agreement.

Section 2.03. (a) Consultants and experts acceptable to the Administrator shall be employed by the Grantee on terms and conditions satisfactory to the Administrator for the provision of services to be financed out of the proceeds of the Swedish Grant. Such consultants and experts shall be selected in accordance with procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" (the Guidelines), published by the Bank in August 1981. No substitution of such consultants and experts or modification of the terms and conditions of their employment shall be made except with the prior consent of the Administrator.

(b) Except as the Administrator shall otherwise agree, the procurement of goods and works required for the Project and to be financed out of the proceeds of the Grant shall be governed by the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992.

(c) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in paragraphs (a) and (b) above, no expenditures for such item shall be financed out of the proceeds of the Swedish 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 Grantee, cancel such amount of the Swedish 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 Swedish Grant.

Section 2.04. The Closing Date shall be September 30, 1998 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Grantee of such later date.

### ARTICLE III

#### Execution of the Project

Section 3.01. The Grantee declares its commitment to the objectives of the Project and, to this end, shall carry out the Project, with due diligence and efficiency, and in conformity with appropriate administrative and financial practices.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) The Grantee shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project.

(b) The Grantee shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and
- (iii) furnish to the Administrator such other information concerning said records, accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Grantee shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such

expenditures;

- (ii) retain, until at least one year after the Administrator has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Administrator's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Effectiveness

Section 5.01. This Agreement shall become effectiveness as of the date first above written or the date of the Administration Agreement, whichever is the later, and shall continue in effect until the Swedish Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations under this Agreement.

Section 5.02. This Agreement and all obligations of the Recipient and the Administrator hereunder shall terminate on the date on which the Development Credit Agreement shall terminate in accordance with its terms.

#### ARTICLE VI

##### Representative; Transfer of Rights and Obligations

Section 6.01. The Provincial Governor of Benguela shall be the representative of the Grantee for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Grantee:

Provincial Government of Benguela  
Palácio do Governo  
P.O. Box 1  
Benguela  
People's Republic of Angola

Cable address:

Telex:

Governo Provincial 8059 COMPROV AN  
de Benguela BENGUELA

Facsimile:

34526

For the Administrator:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or

Section 6.03. In accordance with the provisions of the Administration Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Sweden. The Grantee accepts and agrees that, upon notice by the Administrator to the Grantee to that effect, Sweden 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 Sweden had been an original party to this Agreement, without any further action or formality being 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.

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.

REPUBLIC OF ANGOLA

By /s/ José G. M. Patricio

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of the Swedish Grant

By /s/ Edward V. K. Jaycox

Regional Vice President  
Africa

SCHEDULE I

Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Grant Allocated (Expressed in SEK)	Expenditures to be Financed	% of
(1) Civil Works	18,000,000	100%	
(2) Equipment, Vehicles, Materials and Supplies	3,000,000	100%	
(3) Consultants' Services	1,000,000	100%	
(4) Training	1,000,000	100%	
(5) Unallocated	7,000,000	100%	
TOTAL	30,000,000		

SCHEDULE II

The Swedish Special Account

1. For the purposes of this Schedule:

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

(b) the term "Authorized Allocation" means an amount of \$150,000 to be withdrawn from the Swedish Grant Account and deposited into the Sweden Special Account pursuant to paragraph 3 (a) of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Grantee 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 Administrator shall, on behalf of the Grantee, withdraw from the Grant Account and deposit in the Swedish Special Account such amount or amounts as the Grantee shall have requested.

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

(ii) Prior to or at the time of each such request, the Grantee 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 Grantee, withdraw from the Swedish Grant Account and deposit into the Swedish Special Account such amount as the Grantee shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Swedish Special Account for Eligible Expenditures. All such deposits shall be withdrawn by the Administrator from the Swedish 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 Grantee out of the Swedish Special Account, the Grantee 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 Swedish Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Grantee directly from the Swedish 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 Swedish 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 Project, shall equal the equivalent of the amount of the Authorized Allocation.

Thereafter, withdrawal from the Swedish Grant Account of the remaining unwithdrawn amount of the Swedish Grant shall follow such procedures as the Administrator shall specify by notice to the Grantee. 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 Swedish 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 Swedish 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 Grantee shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Swedish 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 Swedish Special Account shall be made until the Grantee 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 Swedish Special Account will not be required to cover further payments for Eligible Expenditures, the Grantee shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount.

(c) The Grantee may, upon notice to the Administrator, refund to the Administrator all or any portion of the funds on deposit in the Swedish Special Account.

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

