

AGREEMENT RELATED TO CREDIT NUMBER 2526 ET

Agreement

between

THE KINGDOM OF SWEDEN

(Structural Adjustment Credit)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

for

the Administration of Certain Funds
to be made available by

THE KINGDOM OF SWEDEN

Dated January 7, 1994

AGREEMENT RELATED TO CREDIT NUMBER 2526 ET

AGREEMENT

AGREEMENT dated as of January 7, 1994, between the KINGDOM OF SWEDEN (hereinafter referred to as Sweden) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) for the administration by the Association of certain funds to be made available by Sweden to Ethiopia (hereinafter referred to as Ethiopia).

WHEREAS: (A) Ethiopia has requested the assistance of the Association and Sweden in the financing of the urgently needed imports required under Ethiopia's program of actions, objectives and policies designed to achieve structural adjustment of Ethiopia's economy (the Program) referred to in the Preamble to the Development Credit Agreement Number 2526-ET dated June 29, 1993, between Ethiopia and the Association (the Development Credit Agreement);

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

(C) Sweden wishes to make available to Ethiopia a grant in an amount of up to fifty million Swedish Kronor (SKr 50,000,000) (the Swedish Grant) to assist Ethiopia

in carrying out the Program on the terms and conditions hereinafter set forth;

(D) the Association has agreed to administer the Grant upon the terms and conditions hereinafter set forth and in a grant agreement (the Grant Agreement) to be subsequently entered into by the Association and Ethiopia;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Administration of the Funds

Section 1.01. For the purpose of this Agreement Sweden shall deposit the grant amount of Swedish Kronor fifty million (SKr 50,000,000) into the International Development Association's Cash Account "T" (No. 89501-00225) which is maintained with the Sveriges Riksbank (hereinafter referred to as the Trust Account). When arranging for the deposit, Sweden will instruct Sveriges Riksbank to advise the World Bank's Cash Management Department as to the amount received; that it is from Sweden for the Structural Adjustment Credit in Ethiopia, Project No. 24655, and, the date of the deposit. In addition, when arranging for the deposit, Sweden will also arrange to send a copy of the payment advice to the Office of the Trust Funds Administrator in the World Bank utilizing fax No. 202-477-3056. The Grant funds in the Trust Account will be kept separate and apart from the funds of the Association and the International Bank for Reconstruction and Development. The Grant funds may be commingled with other trust fund assets maintained in the Trust Account.

Section 1.02. Sweden hereby appoints the Association as administrator of the Grant and authorizes the Association to: (a) disburse the proceeds of the Grant to Ethiopia to finance goods and services for the Project in accordance with the provisions hereof and the Grant Agreement; and (b) do any and all such acts and things as may be necessary or appropriate to fully accomplish the foregoing. Disbursements of funds from the Trust Account attributable to the Grant shall be effected on the basis of withdrawal applications for expenditures submitted by Ethiopia to the Association in accordance with the Association's applicable procedures for withdrawal of proceeds of credits made by the Association.

Section 1.03. The Association shall exercise the same care in the discharge of its functions hereunder 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 held in the Trust Account pending their disbursements. In order to assist in the defrayment of the costs of the administration and other expenses incurred by the Association under this Agreement, the Association may retain for its own accounts the income from any such investment mentioned above, however, not exceeding 2 percent of the disbursed amount. The balance of the income from any such investment exceeding 2 percent of the disbursed amount shall be credited to a separate account and shall be refunded to Sweden.

Section 1.05. The administration and enforcement of any provisions of any agreement entered into between the Association and Ethiopia will be the responsibility solely of the Association and will be carried out in accordance with the Association's normal procedures.

Section 1.06. The Closing Date shall be December 31, 1994, or such later date as the Association shall establish. The Association shall promptly notify Sweden of such later date.

ARTICLE II

Records and Accounts

Section 2.01. The Association shall maintain separate records and ledger accounts of the proceeds of the Grant withdrawn from the Trust Account and furnish Sweden quarterly statements thereon. Promptly after all funds made available under this Agreement have been disbursed from the Trust Account to Ethiopia, the Association shall cause the records with respect to the Grant to be audited by the external auditors of the Association and provide Sweden with a copy of the report of such audit. The cost of such external audit shall be deducted from the income of any investment or reinvestment of the Grant funds.

ARTICLE III

Consultation

Section 3.01. The Association will keep Sweden informed of the progress of activities funded under this Agreement by providing copies of any monitoring reports and studies. Opportunity to participate in discussions or workshops arising from the above activities will be provided in a timely manner to representatives of Sweden, subject to the consent of Ethiopia.

ARTICLE IV

Effectiveness, Termination

Section 4.01. This Agreement shall become effective upon signature by the parties and, subject to the provisions of this Article, shall continue in effect until December 31, 1994.

Section 4.02. The arrangement covered by this Agreement may be terminated by either party upon three (3) months prior notice thereof in writing. Upon such termination, unless the parties hereto agree on another course of action: (a) any agreement entered into between the Association, consultants, and/or third parties shall not be affected by the termination and the Association shall be entitled to continue withdrawals from the Trust Account in respect of such agreements as if this arrangement had not been so terminated; and (b) any balance in the Trust Account shall be returned to Sweden and the Association's functions pursuant hereto shall be considered terminated. Promptly after termination, the Association shall furnish to Sweden a final report and a financial statement of the Trust Account.

ARTICLE V

Delegation of Powers

Section 5.01. The Swedish International Development Authority (SIDA) shall be competent to represent Sweden for the purpose of this Agreement.

ARTICLE VI

Miscellaneous

Section 6.01. Any notice or request required or permitted to be given or made hereunder 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, 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 notice or making such request. The addresses so specified are:

For Sweden:

Swedish International Development Authority
S-105-25 Stockholm
Sweden

For the Association:

Agriculture and Environment Division
Country Department 2
Africa Region
International Development Association
1818 H Street N.W.
Washington, D.C. 20433

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

KINGDOM OF SWEDEN

By /s/ Henrik Liljgren

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President
Africa

