

CONFORMED COPY

AGREEMENT RELATED TO CREDIT NUMBER 2622 BEN

Agreement

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

KINGDOM OF DENMARK

in respect of the
Rural Water Supply and Sanitation Project in
the REPUBLIC OF BENIN

Dated December 30, 1994

AGREEMENT RELATED TO CREDIT NUMBER 2622 BEN

AGREEMENT

AGREEMENT, dated December 30, 1994, between the KINGDOM OF DENMARK (hereinafter referred to as Denmark) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) to provide for the administration by the Association of certain funds to be made available by Denmark to the Republic of Benin (hereinafter referred to as Benin).

WHEREAS Denmark wishes, pursuant to the Cofinancing and Technical Assistance Framework Agreement dated April 28, 1994 between Denmark, the Association and the International Bank for Reconstruction and Development (hereinafter referred to as the Framework Agreement), to make available to Benin a grant (hereinafter referred to as the Danish Grant) in the amount of four million Dollars (\$4,000,000), to assist Benin in the financing of the Rural Water Supply and Sanitation Project (hereinafter referred to as the Project) which is being cofinanced by the Association under a Credit extended by the Association to Benin pursuant to a Development Credit Agreement, dated September 21, 1994 between Benin and the Association (hereinafter referred to as the Development Credit Agreement); and

WHEREAS Denmark has requested, and the Association has agreed, to administer the Danish Grant upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Danish Grant shall be provided by Denmark and administered by the Association in accordance with the Framework Agreement. The terms and conditions

of the Framework Agreement shall apply to the Danish Grant except as otherwise provided herein.

Section 1.02. The Association, as Administrator on behalf of Denmark, shall enter into such agreement or agreements with Benin as it may deem appropriate but consistent with the terms and conditions of the Development Credit Agreement (excluding the debt service provisions thereof) and of this Agreement for the purpose of assisting in the financing of the Project. Such agreements with Benin shall, inter alia, provide that the proceeds of the Danish Grant may be withdrawn by Benin to finance part of the cost of goods, works and services related to the Project as well as the cost of the external audits referred to in Section 5.04 of this Agreement and that the amounts to be withdrawn need not be repaid and shall bear no interest or other charges. A copy of each agreement shall be furnished to Denmark.

Section 1.03. The administration and enforcement of any provisions of any agreement entered into between Benin 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 Denmark, to exercise, refrain from exercising or waive any rights under such Agreement or to modify any provision thereof, provided, however, that before suspending the right of Benin to make withdrawals of funds under such Agreement, the Association shall inform Denmark and afford Denmark a reasonable opportunity for consultation with the Association.

Section 1.04. 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.

Section 1.05. The Association shall ensure that the Ministry of Foreign Affairs in Denmark, as well as the Danish Embassy in Cotonou, are provided with sufficient information as to enable a correct monitoring of the implementation and performance of the Project. Thus, the Association shall make sure that the Danish Embassy in Cotonou is invited and supplied with copies of the documents necessary to participate in the annual joint review of project implementation. Furthermore, the Association will make sure that the Danish Ministry of Foreign Affairs in Copenhagen as well as the Danish Embassy in Cotonou are invited to participate in the mid-term review, as well as all other reviews and missions related to the Project.

Section 1.06. Denmark may, after consultations with the Association and the Government of Benin, carry out supplementary missions related to the Project. The Government of Benin and the Association shall be invited to participate in such mission.

Section 1.07. Denmark may, in relation to the monitoring of the Project, identify consultants to participate on behalf of Denmark in the activities described in Section 1.05 and Section 1.06.

Section 1.08. All expenditures related to the Danish monitoring of the Project as described in Section 1.05, Section 1.06 and Section 1.07 shall be supplementary to the funds included in this Agreement and shall be paid for by Denmark.

ARTICLE II

Section 2.01. For the purpose of this Agreement, Denmark shall deposit the initial amount of the Grant into the Association's cash account T. (ABA 0210-8212-0) maintained with the Federal Reserve Bank of New York (FRBNY) in New York City (hereinafter referred to as the T-Account). Subsequent installment deposits of Grant proceeds will be deposited by Denmark into the same account. When making payments, Denmark will instruct the FRBNY, Foreign Department, to advise the Association's Cash Management Department as to the amount received, the project's name, the trust fund number (T.F. 027405) and the date of deposit.

Section 2.02. Promptly following the signature of this Agreement, Denmark shall make an initial deposit into the T-Account in an amount of \$1,000,000, representing the estimated cost of expenditures for the Project to be financed from the Danish Grant over the first six-month period.

Section 2.03. (a) The Association shall thereafter communicate to Denmark not later than September 1 and March 1 of each year, an estimate of the expenditures for the Project and activity required over the six-month period commencing thereon.

(b) Denmark shall promptly deposit into the T-Account the proceeds of the

Danish Grant necessary to meet the expenditures referred to in paragraph (a) above.

Section 2.04. The Association shall disburse from the T-Account such amounts as, from time to time, shall be needed to meet the reasonable cost of goods, works and services financed or to be financed pursuant to Section 1.02 of this Agreement. Such disbursements shall be effected on the basis of withdrawal applications for eligible expenditures submitted by Benin to the Association in accordance with the Association's normal procedures for withdrawal and disbursement of proceeds of credits made by the Association.

Section 2.05. Unless otherwise agreed upon between Denmark and the Association, all disbursement from the "T" Account shall be made in order to finance:

(a) investments in accordance with Article V of the Cofinancing and Technical Assistance Framework Agreement dated April 28, 1994 between Denmark and the Association; or

(b) activities of the Project described in Schedule 2 of the Development Credit Agreement dated September 21, 1994 between the Association and the Republic of Benin.

ARTICLE III

Section 3.01. (a) The Association shall maintain separate records and accounts in respect of the funds in the T-Account disbursed by the Association pursuant to the provisions of this Agreement, and the Association shall, at the end of each of its fiscal years, furnish to Denmark a statement of accounts on such records and accounts.

(b) Upon request from Denmark, the Association shall cause such accounts and records to be audited and certified by the Association's external auditors for each fiscal year that funds shall remain in the T-Account and shall furnish to Denmark the report of such audit by said auditors.

ARTICLE IV

Section 4.01. Denmark and the Association shall consult from time to time, at the request of either party, on all matters arising out of this Agreement.

ARTICLE V

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 T-Account to the Recipient.

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 on ninety days (90 days) notice in writing to the other party.

Section 5.03. Upon termination of the Agreement, unless the parties agree on another course of action, any agreement or portion thereof entered into by the Association, as Administrator on behalf of Denmark, shall be transferred to Denmark, and any funds or other property of Denmark held hereunder by the Association shall be returned to Denmark, and the Association's administration shall be considered terminated.

Section 5.04. The cost of any external audits requested by Denmark pursuant to Section 3.01 (b) of this Agreement may be charged by the Association to the Danish Grant.

Section 5.05. Promptly after termination of the Agreement, the Association shall furnish to Denmark a final report and a financial statement on the T-Account, together with an opinion of the Association's external auditors on such statement if so requested by Denmark.

ARTICLE VI

Section 6.01. This Agreement may be amended only by written agreement of the parties hereto.

Section 6.02. 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 by mail, telegram, telefax (followed by an original copy), 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 Denmark:

Ministry of Foreign Affairs
Asiatisk Plads 2
DK-1448 Copenhagen
Denmark

Cable address:

ETRANGERES
Copenhagen

Telex:

31292

For the Association:

International Development Association
1818 H Street, N.W.
Washington, DC 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 undersigned duly authorized thereto, have signed this Agreement.

KINGDOM OF DENMARK

By /s/ Geert AA. Andersen

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Olivier Lafourcade

Acting Regional Vice President
Africa

