ADMINISTRATION AGREEMENT

In pursuance of the Cofinancing, Technical Assistance and Consultant Trust Fund Framework Agreement between the Kingdom of Sweden ("Sweden") and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("Association"), (IBRD and the Association being hereinafter referred to collectively as the "Bank") dated as of March 23, 1998 (the "Agreement"), I am pleased to inform you of the intention of Sweden to make available a contribution (the "Contribution") of Swedish kronor three million, two hundred thousand (SEK3,200,000) as a grant, to be administered by the Bank for the Cambodia Veterans Assistance Program/PILOT PROGRAM (Trust Fund No.023586). The terms of the Agreement shall apply to the Contribution. The Bank shall administer the Contribution in accordance with the provisions of the Agreement, except as otherwise provided herein.

The Contribution is for a recipient executed grant and shall be used exclusively for the design and implementation of a demobilization program in the Kingdom of Cambodia. The activities (the Activities) to be financed are described in the Attachment to this Administration Agreement. Sweden shall deposit the Contribution as a grant with the Bank, upon request from the Bank, in IBRD’s Cash Account "T" (Account No. IBRDSEK2) maintained with Sveriges Riksbank in accordance with the following schedule:

- upon confirmation by the Bank of this Administration Agreement SEK 1,600,000
- upon request and presentation of a financial and progress report by the Bank SEK 1,600,000

It is expected that the Contribution funds will be fully utilized in accordance with the provisions of this Administration Agreement by June 30, 2001. The Bank shall only disburse the funds for the purposes of this Administration Agreement after such date upon the approval of Sweden.

If, at any time, either party determines that the purposes of this Administration Agreement can no longer be effectively or appropriately carried out or if the Agreement is terminated, this Administration Agreement may be terminated at the initiative of either party by giving the other party not less than three (3) months’ prior written notice to such effect.

Upon termination of this Administration Agreement, and unless the parties hereto otherwise agree, any Grant Agreement entered into by the Bank, as administrator on behalf of Sweden, shall also terminate at such time, and any funds or other property of Sweden held hereunder by the Bank shall be credited to the trust fund account specified in Section 4.1(k) of the Agreement, and the Bank’s administration shall then be considered terminated.

The offices responsible for coordination of all matters related to this Administration Agreement are:

For Sweden
Mr. Daniel Asplund
Counsellor, Swedish Embassy
Phnom Penh, Cambodia

For the Bank
Mr. Bonaventure Mbida-Essama
Chief
World Bank Office
Phnom Penh

I would like to propose that this letter shall, upon your confirmation in the manner indicated below, constitute an agreement between Sweden and the Bank.

Sincerely yours,

By /s/ Daniel Asplund
Counsellor
Embassy of Sweden
Phnom Penh
The purpose of the Contribution is to assist the Kingdom of Cambodia (the Recipient) in carrying out a demobilization program.

The Activities for which the Contribution is given are as follows:

(a) carrying out an assessment of the needs of the Recipient’s soldiers;

(b) carrying out a study to establish the training requirements of the Recipient’s soldiers;

(c) carrying out socio-economic studies to ascertain the specific needs of identified vulnerable groups, such as child soldiers and widows of soldiers;

(d) carrying out studies of the Recipient’s labor market and land ownership; and

(e) implementing and monitoring pilot development activities as part of the preparation of the demobilization program.