

No. 13993

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT,
INTERNATIONAL DEVELOPMENT ASSOCIATION
and
FEDERAL REPUBLIC OF GERMANY**

**Agreement regarding the co-financing of programmes and
projects of development assistance. Signed at Washing-
ton on 6 December 1974**

Authentic texts: English and German.

*Registered by the International Bank for Reconstruction and Development and the
International Development Association on 9 May 1975.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT,
ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT**

et

RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE

**Accord relatif au cofinancement de programmes et de pro-
jets d'aide au développement. Signé à Washington
le 6 décembre 1974**

Textes authentiques : anglais et allemand.

*Enregistré par la Banque internationale pour la reconstruction et le développement
et l'Association internationale de développement le 9 mai 1975.*

AGREEMENT¹ BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK) AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY REGARDING THE CO-FINANCING OF PROGRAMMES AND PROJECTS OF DEVELOPMENT ASSISTANCE

The World Bank and IDA and the Government of the Federal Republic of Germany

Realizing that the agencies responsible for bilateral and multilateral aid programmes should cooperate closely in the financing of projects in order to enhance the effectiveness of assistance

Have agreed to seek more opportunities for co-financing capital aid programmes and projects and, in doing so, to observe the following principles:

Article 1. First choice for cooperation and co-financing will be programmes and projects which require assistance from more than one source of development assistance, or which appear suitable for other reasons.

Article 2. Co-financing can be envisaged mainly in two forms:

(a) If the programme/project can be divided into several parts for separate execution and financing, each source of development assistance involved will independently finance one or more of the parts, in agreement with the other source(s) and the borrower (parallel financing).

(b) If the programme/project is not divisible in the sense of paragraph (a), or such a division is not desired for other reasons, each source of development assistance assumes a share of the total financing in accordance with an agreement to be negotiated with the sources of financing and the borrower (joint financing).

Article 3. The World Bank/IDA and the Government of the Federal Republic of Germany will continue to cooperate closely in the identification and preparation of development programmes/projects in which they have a common interest; to that end:

(a) The World Bank/IDA and the Government of the Federal Republic of Germany, in cooperation with the Kreditanstalt für Wiederaufbau, which has been given the task of carrying out the German bilateral capital aid, will at least once a year review with each other their assistance programmes with a view to identifying as early as possible programmes/projects suitable for co-financing, and will, at the request of either party, exchange views from time to time on any other matter related thereto;

(b) The World Bank/IDA and the Government of the Federal Republic of Germany, or the Kreditanstalt für Wiederaufbau acting for it, will consult with each other as early as possible before proceeding with the appraisal of a programme/project in which either side has expressed an interest.

Article 4. In order to ensure a coordinated approach designed to meet the requirements of each specific case, the World Bank/IDA and the Government of the

¹ Came into force on 6 December 1974 by signature, in accordance with article 8.

Federal Republic of Germany, or the agency designated by it, will make arrangements for each case regarding the tasks and financial contribution of each party and all questions requiring a common approach to the financing, including:

- (a) The amount of the financial contributions required and envisaged,
- (b) The appraisal procedure:
 - (1) Joint appraisal using a joint procedure can be envisaged. While the conclusions to be drawn from the appraisal will be a matter for decision by each source of development assistance, after discussion with the other source(s), agreement shall be sought on the following points:
 - the time of the appraisal;
 - the terms of reference for the appraisal mission;
 - the composition and leadership of the appraisal team and the allocation of tasks among its members, taking into account the personnel available and, if applicable, special experience. It is understood that the leader of a joint appraisal team will normally be a staff member of the World Bank/IDA.
 - (2) If the appraisal is conducted, in whole or in part, separately by each source of development assistance, the parties involved will exchange their appraisal reports and other pertinent documentation.
- (c) The form of financing arrangement to be made, including the division of the programme/project for parallel financing, or the respective shares to be financed under joint financing.
- (d) The goods and services to be financed (this includes a decision on the share of the local currency costs, if any, which each source is to assume).
- (e) The financial terms and conditions envisaged.
- (f) Coordination of the measures required to prepare and execute the programme/project, especially in the following matters: employment of consultants; economic, financial and technical stipulations/recommendations; and procurement and bidding procedures (including prior consultation between the parties on the award of designated major contracts).
- (g) Uniform arrangements for disbursement with a view to ensuring *inter alia* that in the case of joint financing the funds allocated by each source of development assistance are drawn down *pro rata* to the extent possible; and that unless all sources of financing consider this inappropriate individual loans or credits for a specific programme/project will not become effective or will not be disbursed until all loans or credits are ready for effectiveness or disbursement, as the case may be.
- (h) Arrangements for *pari passu* treatment of all sources of financing regarding regular and accelerated amortization payments, payment of interest and similar charges and collateral (if any).
- (i) Consultations with a view to seeking coordination of action regarding project administration and supervision, the exercise of remedies in case of default by the borrower and changes in the financing agreements (loan and guarantee agreements, development credit agreements, programme/project agreements and similar documents) which are of significance for the co-financing or the execution and supervision of the programme/project.

In any event, each source of development assistance shall be entitled to suspend its payments or to call its loans or credit if the other source makes use of these rights.

Article 5. If, besides the World Bank/IDA and the Federal Republic of Germany, other sources of development assistance participate in a co-financing, it will often be necessary to appoint a leader of the group whose tasks will be determined in each case.

The World Bank/IDA is, in principle, willing to assume this task unless there are special reasons to suggest that one of the other parties concerned should assume it.

Article 6. Taking into account the arrangements for co-financing made between themselves, each of the sources of development assistance will conclude separate agreements with the Government of the recipient country and/or with the borrower/agency responsible for the project, respectively, for the finance provided by such source. Each party will keep the other party informed of the progress of negotiations for its separate financing agreement.

Article 7. The Government of the Federal Republic of Germany will authorize the Kreditanstalt für Wiederaufbau, to ensure the necessary coordination and to make the necessary arrangements with the World Bank/IDA unless this is done by the Government of the Federal Republic of Germany itself.

Article 8. This Agreement shall enter into force upon signature by the Contracting Parties. This shall also apply to Berlin (West) provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the World Bank/IDA within three months from the date of entry into force of this Agreement.

Article 9. This Agreement shall remain in force until either Contracting Party considers that the co-operation envisaged therein can no longer appropriately or effectively be carried out, at which time this Agreement may be terminated by mutual consent or by either Contracting Party serving six months' written notice on the other Party.

DONE at Washington, D.C., on December 6, 1974, in two originals, each in the English and German language, both texts being equally authentic. In case of divergent interpretation the English text shall prevail.

For the International Bank
for Reconstruction and Development:

For the Government
of the Federal Republic of Germany:
EGON BAHR

For the International Development
Association:
ROBERT S. MCNAMARA
