

No. 22025

**FEDERAL REPUBLIC OF GERMANY
and
NEPAL**

**Agreement concerning financial co-operation. Signed at
Kathmandu on 18 November 1981**

Authentic texts: German, Nepalese and English.

Registered by the Federal Republic of Germany on 28 June 1983.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
NÉPAL**

**Accord de coopération financière. Signé à Katmandou
le 18 novembre 1981**

Textes authentiques : allemand, népalais et anglais.

Enregistré par la République fédérale d'Allemagne le 28 juin 1983.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY AND HIS MAJESTY'S GOVERNMENT
OF NEPAL CONCERNING FINANCIAL CO-OPERATION

The Government of the Federal Republic of Germany and His Majesty's Government of Nepal,

In the spirit of the friendly relations existing between the Federal Republic of Germany and the Kingdom of Nepal,

Desiring to strengthen and intensify those friendly relations through financial co-operation in a spirit of partnership,

Being aware that the maintenance of those relations constitutes the basis of this Agreement,

Intending to contribute to social and economic development in the Kingdom of Nepal,

Have agreed as follows:

Article 1. (1) The Government of the Federal Republic of Germany shall enable His Majesty's Government of Nepal to obtain from the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, financial contributions of up to a total of DM 25,000,000 (twenty-five million Deutsche Mark).

(2) The financial contributions shall be used as follows:

- (a) Up to DM 17,400,000 (seventeen million four hundred thousand Deutsche Mark) to meet foreign exchange costs for the purchase of fertilizer for the Agricultural Inputs Corporation (AIC);
- (b) Up to DM 5,600,000 (five million six hundred thousand Deutsche Mark) for the project "Cultivation of high quality agricultural products",
if, after examination, the projects have been found eligible for promotion;
- (c) Up to DM 2,000,000 (two million Deutsche Mark) for the establishment of a study and expert fund for the preparation of, necessary accompanying measures for, the implementation of and follow-up assistance to projects under financial co-operation.

(3) The projects referred to in paragraph 2 (a) and (b) above may be replaced by other projects if the Government of the Federal Republic of Germany and His Majesty's Government of Nepal so agree.

Article 2. The utilization of the amounts referred to in article 1 (2) (a), (b) and (c) of this Agreement as well as the terms and conditions on which they are made available shall be governed by the provisions of the agreements to be concluded between the recipient of the financial contributions and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

Article 3. His Majesty's Government of Nepal shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in the Kingdom of

¹ Came into force on 18 November 1981 by signature, in accordance with article 9.

Nepal in connection with the conclusion and implementation of the agreements referred to in article 2 of the present Agreement.

Article 4. His Majesty's Government of Nepal shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea, land or air of persons and goods as results from the granting of the financial contributions, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the German area of application of this Agreement, and grant any necessary permits for the participation of such enterprises.

Article 5. (1) Supplies and services financed from the financial contributions in accordance with article 1 (2) (a) and (b) shall, unless otherwise provided for in individual cases, be subject to international public tender.

(2) The procedure to be followed in awarding the contracts for the implementation of the project referred to in article 1 (2) (c) of this Agreement shall be determined in the financing agreement to be concluded between the Kreditanstalt für Wiederaufbau and His Majesty's Government of Nepal.

Article 6. (1) The fertilizer imported with funds from the financial contribution pursuant to article 1 (2) (a) of this Agreement shall be sold by the Agricultural Inputs Corporation (AIC) in Nepal.

(2) His Majesty's Government of Nepal shall deposit 10% (ten per cent) of the proceeds of the sale in a non-interest-bearing rupee special account held by it with the Nepal Rastra Bank, Banking Office Kathmandu, under the designation "trust account for counterpart funds from German fertilizer aid". The deposit shall be made six months after the fertilizer has been sold.

(3) The account may only be operated by the Ministry of Finance, His Majesty's Government of Nepal in conjunction with the German Embassy in Kathmandu through joint or identical instructions. Both shall receive regular statements of account and have the authority to make sure that due payments are deposited in the account.

(4) In accordance with an arrangement to be made with his Majesty's Government of Nepal, the deposited sum shall be utilized for further joint development promotion measures. Suitable proposals to this effect shall be submitted by the Ministry of Finance of His Majesty's Government of Nepal to the German Embassy in Kathmandu.

Article 7. With regard to supplies and services resulting from the granting of the financial contributions, the Government of the Federal Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

Article 8. With the exception of those provisions of article 4 which refer to air transport, this Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to His Majesty's Government of Nepal within three months of the date of entry into force of this Agreement.

Article 9. This Agreement shall enter into force on the date of signature thereof.

DONE at Kathmandu on 18 November 1981, in duplicate in the German, Nepalese and English languages, all three texts being authentic. In case of divergent interpretations of the German and Nepalese texts, the English text shall prevail.

For the Government
of the Federal Republic of Germany:

[Signed — Signé]¹

[Signed — Signé]²

For His Majesty's Government
of Nepal:

[Signed — Signé]³

¹ Signed by Wolter — Signé par Wolter.

² Signed by Ehmann — Signé par Ehmann.

³ Signed by Karna D. Adhikary — Signé par Karna D. Adhikary.