

No. 22851

**FEDERAL REPUBLIC OF GERMANY
and
NEPAL**

**Agreement concerning financial co-operation (with annex).
Signed at Kathmandu on 25 November 1982**

Authentic texts: German, Nepalese and English.

Registered by the Federal Republic of Germany on 1 April 1984.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
NÉPAL**

**Accord de coopération financière (avec annexe). Signé à
Katmandou le 25 novembre 1982**

Textes authentiques : allemand, népalais et anglais.

Enregistré par la République fédérale d'Allemagne le 1^{er} avril 1984.

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 Kingdom of Nepal and the Federal Republic of Germany;

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

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 up to DM 50,000,000 (fifty million Deutsche Mark).

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

- (a) Up to DM 40,000,000 (forty million Deutsche Mark) for the project "Marsyangdi Hydro-Electric Power Station" if, after examination, the project has been found eligible for promotion;
- (b) Up to DM 5,000,000 (five million Deutsche Mark) to meet foreign exchange costs resulting from the purchase of goods and services to cover current civilian requirements, and to meet foreign exchange and local currency costs of transport, insurance and assembly arising in connection with the importation of goods financed under this Agreement. The supplies and services must be such as are covered by the list annexed to this Agreement and for which supply or service contracts have been concluded after 1 December 1982;
- (c) Up to DM 5,000,000 (five million Deutsche Mark) to meet foreign exchange costs resulting from the purchase of fertilizers for the Agricultural Inputs Corporation (AIC) if, after examination, the project has been found eligible for promotion.

(3) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables His Majesty's Government of Nepal to obtain from the Kreditanstalt für Wiederaufbau further financial contributions for the preparation of the project "Marsyangdi Hydro-Electric Power Station" or for attendant measures required for its implementation and support.

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

Article 2. The utilization of the amounts referred to in Article 1 of this Agreement as well as the terms and conditions on which they are made available shall be

¹ Came into force on 25 November 1982 by signature, in accordance with article 9.

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 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. Supplies and services for projects financed from the financial contributions pursuant to Article 1 (2) (a) and (c) shall, unless otherwise provided for in individual cases, be subject to international public tender.

Article 6. (1) The fertilizers imported by means of the financial contribution referred to in Article 1 (2) (c) shall be sold by the Agricultural Inputs Corporation (AIC) in Nepal.

(2) His Majesty's Government of Nepal shall pay 10 % (ten per cent) of the proceeds from the sale into an interest-free special rupee account with the Nepal Rastra Bank, Banking Office, Kathmandu, which the bank shall conduct under the title "Trust Account for Counterpart Funds from German Fertilizer Aid". Payment shall take place six months after the sale of the fertilizers.

(3) Only the Finance Ministry of His Majesty's Government of Nepal together with the Embassy of the Federal Republic of Germany in Kathmandu may use the account by giving joint or identical instructions. Both shall receive current statements of account and are entitled to check that due payments are deposited in the account.

(4) The sum deposited shall be used for further joint measures to promote development in accordance with an arrangement to be made in due time with His Majesty's Government of Nepal. Proposals to this end shall be submitted to the Embassy of the Federal Republic of Germany by the Finance Ministry of His Majesty's Government of Nepal.

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 25 Nov. 1982 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

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

1. List of goods and services eligible for financing from the financial contribution under Article 1 (2) (b) of the Agreement of 25 November 1982:

- (a) Industrial raw and auxiliary materials as well as semi-manufactures;
- (b) Industrial equipment as well as agricultural machinery and implements;
- (c) Spare parts and accessories of all kinds;
- (d) Chemical products, in particular fertilizers, plant protection agents, pesticides, medicinalments;
- (e) Other industrial products of importance for the development of the Kingdom of Nepal;
- (f) Advisory services, patents and licence fees.

2. Imports not included in the above list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

3. The importation of luxury and consumer goods for personal needs as well as any goods and facilities serving military purposes may not be financed from the financial contribution.

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.