

**No. 25582**

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**DENMARK  
and  
LESOTHO**

**Financing Agreement (with annex). Signed at Copenhagen  
on 15 September 1987**

*Authentic text: English.*

*Registered by Denmark on 15 January 1988.*

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**DANEMARK  
et  
LESOTHO**

**Accord de financement (avec annexe). Signé à Copenhague  
le 15 septembre 1987**

*Texte authentique : anglais.*

*Enregistré par le Danemark le 15 janvier 1988.*

## FINANCING AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF LESOTHO AND THE GOVERNMENT OF DENMARK

The Government of Lesotho and the Government of Denmark, desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to the economic development of Lesotho, Danish financial assistance, by way of grant, shall be extended to the Government of Lesotho in accordance with the following provisions:

### *Article I. THE FUNDS*

The Government of Denmark represented by the Danish International Development Agency (Danida) shall make available to the Government of Lesotho by way of grant, the amount of 25 (twenty-five) million Danish Kroner for the purposes described in Article II.

### *Article II. USE OF THE FUNDS*

1. The Funds shall be used to finance purchases in Denmark of Danish goods and services (including transport and insurance from Denmark to the project site in Lesotho for the following projects:

	<i>Mill. DKK</i>
1. Construction of a feed mill, Maseru .....	22,0
2. Contingencies .....	3,0
TOTAL	25,0

2. Any proposal for additional projects or for the substitution of new projects for any of the above-mentioned projects shall be subject to the approval of both Parties.

### *Article III. REALIZATION OF THE PROJECTS*

The Projects shall be contracted for by Danida and implemented in accordance with the provisions laid down in this Agreement and with the plans, allocations and other provisions stated in the Agreed Minutes signed in Maseru on 30 October 1986 by representatives of both Parties. Any change shall be subject to agreement between the Parties.

### *Article IV. TRANSFER OF OWNERSHIP*

Unless the Parties agree otherwise, the Government of Lesotho or any third Party designated by Lesotho and approved by Danida shall take over all rights and duties relating to the supplies financed by Danida after the contracts for the realization of the project mentioned in Article II have been fulfilled.

### *Article V. SHIPMENT*

All shipments of capital goods covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

<sup>1</sup> Came into force on 15 September 1987 by signature, in accordance with article XII.

*Article VI. TAXES AND OTHER PUBLIC CHARGES*

1. This Agreement shall be free from any present and future taxes imposed under existing or future laws of Lesotho in connection with the issue, execution, registration, entry into force of the Agreement or otherwise.

2. The Government of Lesotho shall exempt the goods or services imported under this Agreement from any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments, licences or import licences.

*Article VII. COLLABORATION AND INFORMATION*

1. Both Parties shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To that end the Parties shall at the request of one or the other of the Parties exchange views with regard to matters relating to the project under this Agreement and provide each other with all such information as can reasonably be requested with regard to the matters in question.

2. Each Party has the right to send his own agents or duly authorized representatives to carry out any technical or financial mission that he may consider necessary to follow the execution of the project to be financed under this Agreement.

To facilitate the work of such missions all relevant assistance, information and documentation shall be provided by both Parties.

3. Representatives of the Auditor General of Denmark shall have the right to carry out any audit or inspection considered necessary as regards the use of the Funds made available to the Government of Lesotho under this Agreement on the basis of all relevant documentation.

4. Joint Lesotho-Danish project evaluations shall be carried out at the request of either Party.

*Article VIII. SUSPENSION*

1. In the event of non-fulfilment by the Government of Lesotho of any commitment or agreement between the Parties regarding this Agreement Danida may suspend, in whole or in part, further financing according to this Agreement.

2. Notwithstanding any suspension under this Article all the other provisions of the Agreement shall continue in full force and effect.

*Article IX. SETTLEMENT OF DISPUTES*

1. Any dispute between the Parties arising out of the interpretation or administration of the present Agreement, which has not been settled within six months through diplomatic channels, shall, at the request of either Party, be submitted to a tribunal of arbitration consisting of three members. The chairman of the tribunal shall be a citizen of a third country and shall be appointed by common consent of the Parties. Should the Parties fail to agree on the appointment of the chairman of the tribunal within two months, either Party may request the President of the International Court of Justice to make the appointment. Each Party appoints his own arbitrator; if a Party abstains from appointing an arbitrator, the latter may be appointed by the chairman of the tribunal.

2. Each Party shall observe and carry out awards handed down by the tribunal.

*Article X.* MISCELLANEOUS PROVISIONS

Any notices, requests or agreements under this Agreement shall be in writing.

*Article XI.* SPECIFICATION OF ADDRESSES

The following addresses are specified for the purpose of this Agreement:

For the Government of Lesotho:

Ministry of Planning, Economy & Manpower Development  
P.O. Box MS630  
Maseru 100  
Lesotho

Cablegrams:

PLANOFF MASERU

Telex:

4429 LO

For the Government of Denmark:

Danish International Development Agency  
Danida  
Ministry of Foreign Affairs  
Asiatisk Plads 2  
DK-1448 Copenhagen K  
Denmark

Cablegrams:

ETRANGERES COPENHAGEN

Telex:

31292 ETR DK

*Article XII.* ENTRY INTO FORCE OF THE AGREEMENT

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

IN WITNESS WHEREOF the Parties hereto, acting through their representatives duly authorized for this purpose, have caused this Agreement to be signed in two originals in the English language in Copenhagen on this 15th day of September 1987.

For the Government  
of Denmark:

[Signed — Signé]<sup>1</sup>

For the Government  
of Lesotho:

[Signed — Signé]<sup>2</sup>

<sup>1</sup> Signed by Kris Lund-Jensen — Signé par Kris Lind-Jensen.

<sup>2</sup> Signed by B. A. Tlelase — Signé par B. A. Tlelase.

## ANNEX

GUIDELINES FOR EFFECTING PAYMENTS UNDER  
AGREEMENTS ON DANISH FINANCIAL ASSISTANCE BY WAY OF GRANT

Payment out of the Account with Danmarks Nationalbank referred to in Article II of the Financing Agreement (hereinafter called "the Agreement"), of which this Annex is an integral part, shall be effected in the following manner:

(1) The importers or prospective investors in the Recipient country and the Danish exporters or consultants will contract for the capital goods and services to be financed under the Agreement provided that the contracts shall be finally approved by the competent authorities of the Recipient and the Donor.

(2) The Recipient will notify the Donor of his approval of contracts concluded under the Agreement and forward copies of the contracts to the Donor for his approval.

In this connection the Donor will satisfy himself, *inter alia*, that

- (a) The contracts fall within the framework of the Agreement and are in accordance with the plans laid down for the implementation of projects mentioned in Article II of the Agreement,
- (b) The capital goods involved have been manufactured in Denmark and supplied by Danish exporters, or that the services to be rendered will be performed by persons carrying out business in Denmark,
- (c) The contract amounts are given in Danish currency, and that prices and salaries for the capital goods and services to be supplied as well as other terms of the contracts are fair and in accordance with ordinary commercial practice,
- (d) Arrangement has been made for the necessary banker's guarantees. (Payments, if any, under such guarantees shall be made to the Account with Danmarks Nationalbank),
- (e) Proper insurance of the capital goods to be supplied covering, as a minimum, the transportation from Denmark to the site of construction of the project has been taken out by the suppliers in convertible currency.

Having approved a contract the Donor will communicate this to the Recipient.

(3) When the contracts have been approved by both Parties, the Recipient may draw on the Account with Danmarks Nationalbank to effect payment of the consignment referred to in the contracts. Payments out of the Account to Danish exporters or consultants shall be subject to presentation of the necessary documents when Danmarks Nationalbank in consultation with the Danish Ministry of Foreign Affairs has ascertained that the conditions for effecting such payments have otherwise been complied with.