

**DENMARK
(TOGETHER WITH THE FAEROE ISLANDS
AND GREENLAND), FINLAND, ICELAND,
NORWAY and SWEDEN**

**Agreement concerning the establishment of the Nordic
Development Fund for the Western Nordic Region
(with annexed statutes). Signed at Höfn on 19 August
1986**

*Authentic texts: Danish, Faeroese, Greenlandic, Finnish, Icelandic,
Norwegian and Swedish.*

Registered by Denmark on 1 March 1988.

**DANEMARK
(CONJOINTEMENT AVEC LES ÎLES FÉROÉ
ET LE GROENLAND), FINLANDE, ISLANDE,
NORVÈGE et SUÈDE**

**Accord relatif à la création d'un Fonds nordique de
développement pour la région nordique de l'ouest (avec
statuts annexés). Signé à Höfn le 19 août 1986**

*Textes authentiques : danois, féroïen, groenlandais, finnois, islandais,
norvégien et suédois.*

Enregistré par le Danemark le 1^{er} mars 1988.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ CONCERNING THE ESTABLISHMENT OF THE
NORDIC DEVELOPMENT FUND FOR THE WESTERN NOR-
DIC REGION

The Government of Denmark together with the Home Governments of the Faeroe Islands and Greenland and the Governments of Finland, Iceland, Norway and Sweden,

Wishing, within the framework of Nordic regional policy co-operation, to promote the economic development of the western Nordic region (the Faeroe Islands, Greenland and Iceland) and to expand co-operation within the western Nordic region and between the western Nordic region and the rest of the Nordic region,

Have concluded the following Agreement:

Article 1. The Nordic Development Fund for the Western Nordic Region, hereinafter referred to as the Fund, shall be established for the purpose of promoting the development of a varied and competitive economy in the western Nordic region (the Faeroe Islands, Greenland and Iceland) through the granting of loans and subsidies and the furnishing of guarantees for the implementation of projects connected with or for the benefit of small- and medium-sized enterprises. In this connection, the Fund shall contribute to industrial, commercial and technical co-operation within the western Nordic region, and between the western Nordic region and the rest of the Nordic region.

Article 2. The Fund shall have the status of a body corporate.

Article 3. The activities of the Fund shall be conducted in accordance with the Statutes annexed to this Agreement. These Statutes may be amended upon a decision of the Nordic Council of Ministers, but not in such a manner as to impair the security of existing creditors.

Article 4. The primary capital of the Fund shall be contributed by the Governments of Denmark, Finland, Iceland, Norway and Sweden and the Home Governments of the Faeroe Islands and Greenland. The aforesaid shall be liable for the obligations of the Fund to the extent of their contributions of primary capital until all the obligations of the Fund to its creditors have been fulfilled.

Provisions concerning the size, distribution, payment of and increases in the primary capital are contained in article 2 of the Statutes.

¹ Came into force on 17 September 1987, i.e., 30 days after the date on which all the Parties had notified the Government of Denmark that it had been approved, in accordance with article 8:

<i>State</i>	<i>Date of the notification</i>
Denmark (Together with the Faeroe Islands and Greenland)	31 March 1987
Finland	10 July 1987
Iceland	31 March 1987
Norway	18 August 1987
Sweden	29 January 1987

Article 5. The headquarters of the Fund shall be at Reykjavik.

The Fund shall be represented at Tórshavn and at Nuuk.

Article 6. The Fund shall be exempt from payment and currency restrictions and credit policy measures which impede or present difficulties for the activities of the Fund or the fulfilment of any of the Fund's obligations.

The assets and income of the Fund shall be exempt from taxation.

Loan agreements to which the Fund is a party shall be exempt from stamp duty and other public fees. Where such fees have been charged, they shall be refunded upon request.

Article 7. Should any circumstances arise that would significantly alter the conditions underlying the establishment of the Fund, the Parties to the Agreement shall consult one another concerning the future activities of the Fund.

The Nordic Council of Ministers shall by 1 March 1996 take a decision concerning the further activities of the Fund after the year 1999.

If the Council of Ministers decides that the Fund is to be liquidated, liquidation shall take place in accordance with the procedure stipulated in article 14 of the Statutes.

Article 8. This Agreement and the Statutes referred to in article 3 shall enter into force 30 days after the date on which all the Parties to the Agreement have notified the Danish Ministry of Foreign Affairs that the Agreement has been approved.

The Danish Ministry of Foreign Affairs shall inform the other Parties to the Agreement and the secretariat of the Nordic Council of Ministers of the receipt of the aforesaid notifications and of the date of entry into force of the Agreement.

Article 9. After 1 January 2000 any Party to the Agreement may denounce the Agreement by giving written notice to that effect to the Ministry of Foreign Affairs of Denmark, which shall inform the other Parties to the Agreement, the secretariat of the Nordic Council of Ministers and the Governing Board of the Fund of the receipt of such notice and of the contents thereof.

A denunciation shall apply only in respect of the Party giving notice thereof, and shall take effect, at the earliest, at the end of the financial year following the year in which the denunciation takes place.

Unless the Nordic Council of Ministers decides, after receiving notice of denunciation, that the Fund should be liquidated, the Council shall determine the procedure for discontinuing the relationship between the Fund and the Party withdrawing therefrom, at the latest, by the date upon which the denunciation takes effect. In such event it shall be guaranteed that the withdrawing Party continues to be equally liable with the other Parties for the obligations of the Fund existing at the time of withdrawal of the Party concerned.

Article 10. The original text of this Agreement shall be deposited as soon as possible with the Danish Ministry of Foreign Affairs, which shall transmit certified copies thereof to the other Parties to the Agreement and to the secretariat of the Nordic Council of Ministers.

IN WITNESS WHEREOF the undersigned plenipotentiaries have signed this Agreement.

DONE at Höfn on 19 August 1986, in one copy in the Danish, Faeroese, Greenlandic, Finnish, Icelandic, Norwegian and Swedish languages, all the texts being equally authentic.

For the Government of Denmark:

CHRISTIAN CHRISTENSEN

For the Home Government of the Faeroe Islands:

ATLI DAM

For the Home Government of Greenland:

JONATHAN MOTZFELDT

For the Government of Finland:

GUSTAV BJÖRKSTRAND

For the Government of Iceland:

HALLDÓR ÁSGRIMSSON

For the Government of Norway:

BJARNE MØRK EIDEM

For the Government of Sweden:

SVANTE LUNDKVIST

STATUTES OF THE NORDIC DEVELOPMENT FUND FOR THE WESTERN NORDIC REGION

The Government of Denmark together with the Home Governments of the Faeroe Islands and Greenland and the Governments of Finland, Iceland, Norway and Sweden have, by an Agreement of 19 August 1986, decided to establish a Nordic Development Fund for the Western Nordic Region (the Faeroe Islands, Greenland and Iceland).

The Fund shall be governed by the following Statutes:

PURPOSE

Article 1

The purpose of the Nordic Development Fund for the Western Nordic Region, hereinafter referred to as "the Fund", is to promote the development of a varied and competitive economy in the western Nordic region (the Faeroe Islands, Greenland and Iceland) through the granting of loans and subsidies and the furnishing of guarantees for the implementation of projects connected with or for the benefit of small- and medium-sized enterprises. In this connection, the Fund shall contribute to industrial and technical co-operation within the western Nordic region, and between the western Nordic region and the rest of the Nordic region.

PRIMARY CAPITAL OF THE FUND

Article 2

The primary capital of the Fund shall amount to the equivalent in Danish kroner of 14.1 million US dollars, apportioned as follows:

The Government of Denmark	2.7 million US dollars
The Home Government of the Faeroe Islands	0.1 million US dollars
The Home Government of Greenland	0.1 million US dollars
The Government of Finland	2.7 million US dollars
The Government of Iceland	0.4 million US dollars
The Government of Norway	2.7 million US dollars
The Government of Sweden	5.4 million US dollars

The primary capital shall be made available to the Fund free of interest. Payments of capital shall be made in accordance with the plan given below (in 1,000 US dollars):

<i>Date</i>	<i>Sw.</i>	<i>Den.</i>	<i>Finl.</i>	<i>Norw.</i>	<i>Icel.</i>	<i>F.Is.</i>	<i>Gr.</i>	<i>Total</i>	<i>Primary capital</i>
1.3.87	1,004	502	502	502	76	19	19	2,624	2,624
1.3.88	276	138	138	138	20	5	5	720	3,344
1.3.89	328	164	164	164	24	6	6	856	4,200
1.3.90	388	194	194	194	28	7	7	1,012	5,212
1.3.91	464	232	232	232	36	9	9	1,214	6,426
1.3.92	552	276	276	276	40	10	10	1,440	7,866
1.3.93	660	330	330	330	48	12	12	1,722	9,588
1.3.94	788	394	394	394	60	15	15	2,060	11,648
1.3.95	940	470	470	470	68	17	17	2,452	14,100
TOTAL	5,400	2,700	2,700	2,700	400	100	100	14,100	

At the request of the Executive Board of the Fund, the contributors shall pay their share of the primary capital, in full or in part, before the date specified in the above payments plan, in accordance with the above scale of apportionment, except as otherwise agreed. For the period in which the amount can be considered

to be paid in advance of the scheduled plan, the contributing party shall be entitled to receive interest at the market rate.

The primary capital contributions may be paid either in US dollars, or in Danish kroner in an amount corresponding to the amount of the contribution in US dollars, converted on the basis of the official selling rate for the US dollar at Copenhagen on the date of payment.

The primary capital contributed shall be entered in the accounts of the Fund in Danish kroner. Amounts received in US dollars shall be converted to Danish kroner on the basis of the official selling rate valid at Copenhagen on the date of payment.

Up to 1 March 1995 the value in Danish kroner of the unpaid portion of the primary capital shall, at any time, be calculated on the basis of the official selling rate for the US dollar at Copenhagen.

Any increase in the primary capital shall be subject to a decision of the Nordic Council of Ministers.

Article 3

The resources of the Fund shall be administered in such a way that the primary capital denominated in Danish kroner, as provided in article 2, shall remain intact, for the time being up to and including 31 December 1999.

ACTIVITIES

Article 4

The Fund shall provide loans and furnish guarantees on the same conditions as banks.

Where the circumstances so require, loans and guarantees may be provided on conditions that are more advantageous than bank conditions.

For special purposes the Fund may make grants or provide conditional loans, i.e., loans that are to be repaid and yield interest only to the extent warranted by the progress of the project concerned.

Grants and conditional loans may be provided only out of the Fund's total profits.

A sum shall be allocated to cover losses resulting from loans and guarantees. The allocation shall bear a reasonable relationship to the risk entailed in ordinary loans and guarantees.

In the activities of the Fund, the general policy shall be to aim at a reasonable distribution of resources granted and paid out by the Fund between the Faeroe Islands, Greenland and Iceland.

Projects comprising more than one area in the western Nordic region or involving co-operation with the other Nordic countries should be given priority.

The Fund shall seek to achieve close co-operation with business organizations, other financing institutions and public and private agencies having a connection with the Fund's field of activity.

Article 5

Loans may be granted from the primary capital and reserves of the Fund. The Fund may also raise loans for the financing of its activities.

The total amount of outstanding loan and guarantee commitments may not exceed double the amount of the primary capital of the Fund.

Article 6

The liquid assets of the Fund should be invested on the best possible conditions and in agreement with the competent authorities of the Faeroe Islands, Greenland and Iceland. As far as possible the Fund shall avoid the risk of losses on exchange rates.

Article 7

The accounts of the Fund shall be kept in Danish kroner. The financial year shall coincide with the calendar year.

The annual report and the annual accounts of the Fund shall be transmitted to the Nordic Council of Ministers.

ADMINISTRATION

Article 8

The Fund shall have an Executive Board, a Managing Director and such other staff as may be necessary.

Article 9

The Executive Board shall consist of seven members, of which each participating Government, and the Home Governments of the Faeroe Islands and Greenland, shall designate one member for a period not exceeding four years at a time. For each member one alternate member shall be selected in accordance with the same principles.

The Executive Board shall elect, from among its members, a Chairman and a Vice-Chairman for a term of two years. The office of Chairman shall be held on an alternating basis by the representatives of the Government of Iceland and the Home Governments of the Faeroe Islands and Greenland.

The Executive Board shall be deemed to have a quorum when the Chairman or Vice-Chairman, and at least half of the other members, or in their absence their alternates, are present. Each member shall have one vote. Decisions shall be taken by a majority of the members present. A loan, guarantee or grant may not be provided if the country or area of the recipient is opposed to such a measure.

Decisions may also be arrived at in writing.

The Executive Board shall meet when the Chairman so decides or when at least two members of the Board or the Director so request, but not less than twice a year.

Other persons may, where necessary, be invited to attend the meetings of the Executive Board.

Article 10

Decisions concerning all business of the Fund shall be taken by the Executive Board.

The Executive Board may delegate decision-making powers to the Managing Director or to a working committee consisting of the Chairman of the Executive Board and the two other Board members from the western Nordic region.

Article 11

The Managing Director shall be in charge of the everyday activities of the Fund, shall be responsible for the preparatory work on cases connected with the provision of loans, guarantees and subsidies and shall follow the guidelines and instructions issued by the Executive Board.

The Director shall be appointed by the Executive Board for a term not exceeding five years at a time. The Director may not be a member or alternate member of the Executive Board, but shall attend the meetings of the Board without the right to vote.

The Chairman of the Executive Board, the Director or a person authorized by the Executive Board shall sign on behalf of the Fund.

Article 12

The headquarters of the Fund shall be at Reykjavik.

The Fund shall also be represented at Tórshavn and at Nuuk.

The Regional Institute (*Byggdastofnun*) shall make available to the Fund the necessary office and administrative facilities such as premises, accounting facilities, public service offices, daily audits, legal assistance, collection facilities, facilities for the safe-keeping of securities, etc.

OTHER PROVISIONS

Article 13

The Nordic Council of Ministers shall appoint two auditors to examine the activities of the Executive Board and the accounts of the Fund. The auditors shall submit an audit report each year to the Nordic Council of Ministers.

Article 14

The Nordic Council of Ministers shall take decisions concerning any amendments or additions to the Statutes of the Fund, but not in such a way as to entail any diminution of the security of existing creditors. By 1 March 1996 at the latest, the Council of Ministers shall take a decision concerning the Fund's activities after the year 1999.

If the Nordic Council of Ministers decides that the Fund is to be liquidated, the Council of Ministers shall appoint the persons who are to be in charge of such liquidation.

Liquidation of the Fund through repayment or other utilization of the primary capital shall not take place until the Fund's loan and grant obligations and its liabilities existing at the time of the decision to liquidate have been discharged.