

No. 27082

---

**SWEDEN, DENMARK, FINLAND  
ICELAND and NORWAY**

**Agreement on the establishment of the Nordic Development  
Fund (with annexed statutes). Signed at Stockholm on  
3 November 1988**

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

*Registered by Sweden on 29 January 1990.*

---

**SUÈDE, DANEMARK, FINLANDE,  
ISLANDE et NORVÈGE**

**Accord sur la création d'un Fonds nordique de développe-  
ment (avec Statuts annexés). Signé à Stockholm le 3 no-  
vembre 1988**

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

*Enregistré par la Suède le 29 janvier 1990.*

## [TRANSLATION — TRADUCTION]

AGREEMENT<sup>1</sup> ON THE ESTABLISHMENT OF A NORDIC DEVELOPMENT FUND

The Governments of Denmark, Finland, Iceland, Norway and Sweden, as part of Nordic assistance cooperation, which is designed to promote economic and social development in the developing countries, have agreed as follows:

*Article 1*

A Nordic development fund, to be known, in English, as the “Nordic Development Fund”, referred to as “the Fund”, shall be established for the purpose of promoting economic and social development in developing countries through participation in the financing, on concessional terms, of projects of Nordic interest.

*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.

*Article 4*

The capital of the Fund shall be contributed by the Contracting Parties.

The capital may be increased by a decision of the Nordic Council of Ministers at the request of the Executive Board of the Fund.

The size of the capital, the possibility of increasing the capital and apportionment among the participating countries are dealt with in article 2 of the Statutes.

*Article 5*

The Fund shall be located at the headquarters of the Nordic Investment Bank.

*Article 6*

The Fund shall be exempt from payment restrictions and credit policy measures which would impede or present difficulties for the conduct of the Fund’s activities.

<sup>1</sup> Came into force on 30 January 1989, i.e., 30 days after the date on which all the Contracting Parties had informed the Swedish Ministry of Foreign Affairs that it had been approved, in accordance with article 8:

<i>State</i>	<i>Date of notification</i>
Denmark . . . . .	6 December 1988
Finland . . . . .	27 December 1988
Iceland . . . . .	31 December 1988
Norway . . . . .	1 December 1988
Sweden . . . . .	15 December 1988

The assets and revenue of the Fund shall be exempt from taxation. In its financing activities the Fund shall be exempt from stamp duty and other public fees.

*Article 7*

The Nordic Council of Ministers shall take a decision concerning the further operation of the Fund by 1 December 1991 at the latest.

The Nordic Council of Ministers may decide that the Fund shall be liquidated in accordance with the regulations set forth in article 10 of the Statutes.

*Article 8*

The Agreement and the Statutes referred to in article 3 shall enter into force thirty days after the date on which all the Contracting Parties have informed the Swedish Ministry of Foreign Affairs that the Agreement has been approved.

The Swedish Ministry of Foreign Affairs shall acknowledge receipt of such notification and inform the other Contracting Parties of the date of entry into force of the Agreement.

*Article 9*

A Contracting Party may denounce the Agreement by giving written notice of denunciation to the Swedish Ministry of Foreign Affairs, which shall inform the other Contracting Parties and the Executive Board of the Fund of the receipt of such notice and of the contents thereof. Denunciation shall take effect, at the earliest, at the end of the financial year following the year in which the denunciation took place, but not before five years have elapsed from the date of entry into force of this Agreement.

If, after a Contracting Party has denounced the Agreement, the Nordic Council of Ministers decides that the Fund shall not be liquidated, it shall determine, before denunciation takes effect how the relationship between the Fund and the withdrawing Party is to be discontinued. 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 the withdrawal.

*Article 10*

The original text of this Agreement shall be deposited with the Swedish Ministry, of Foreign Affairs which shall transmit certified copies of the Agreement to the other Contracting Parties.

IN WITNESS WHEREOF, the undersigned plenipotentiaries have signed this Agreement.

DONE at Stockholm on 3 November 1988, in one copy in the Danish, Finnish, Icelandic, Norwegian and Swedish languages, all the texts being equally authentic.

## STATUTES OF THE NORDIC DEVELOPMENT FUND

The Governments of Denmark, Finland, Iceland, Norway and Sweden have, by an agreement of 3 November 1988, decided to establish a Nordic development fund.

### PURPOSE

#### *Article 1*

The purpose of the Nordic development fund, to be known, in English, as the “Nordic Development Fund”, hereinafter referred to as “the Fund”, is to promote economic and social development in developing countries through participation in the financing, on concessional terms, of projects of Nordic interest.

### CAPITAL

#### *Article 2*

The capital of the Fund shall be 100 million SDRs.

One fifth of the capital (20 million SDRs) shall be paid into the Fund by 1 January 1989 at the rate of the SDR on the date of payment.

The SDR shall be defined in accordance with the valuation rules laid down by the International Monetary Fund as of 1 January 1981. If these valuation rules are amended, the Executive Board of the Fund shall comply with the decision taken by the Executive Board of the Nordic Investment Bank concerning the Bank’s application of the new rules.

The capital for the Fund’s activities shall be contributed in the following amounts: 20 million SDRs by Denmark, 20.3 million SDRs by Finland, 0.9 million SDRs by Iceland, 21.5 million SDRs by Norway and 37.3 million SDRs by Sweden. The national contributions shall be made available to the Fund in the form of a donation.

The capital may be increased by a decision of the Nordic Council of Ministers at the request of the Executive Board of the Fund. The increase shall be apportioned among the countries in accordance with the allocation schedule valid at the time for joint Nordic financing.

It is understood that the Fund’s liquid assets shall be administered in a secure manner and that the proceeds shall be used for the Fund’s activities.

### ACTIVITIES

#### *Article 3*

The Fund shall provide interest-free loans to developing countries for projects to promote development. In the case of loans to recipients other than sovereign States, the Fund shall as a rule require a government guarantee or other acceptable form of security.

The Fund shall give priority to poor countries and only by way of exception provide loans to countries other than those with low or lower-middle incomes.

In the case of participation by the Fund in the financing of projects, the recipient country’s ability to pay shall be taken into account.

In addition, the Fund may take such other measures as are connected with its activities and are necessary or desirable for the furtherance of its aims.

*Article 4*

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

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

ADMINISTRATION

*Article 5*

The Fund shall have an Executive Board, a Managing Director and other staff necessary for the conduct of its activities.

*Article 6*

The Executive Board shall consist of five members, of which each State shall appoint one member for a term not exceeding five years. Each State shall, in accordance with the same principles, appoint one alternate for each member.

The Executive Board shall elect a Chairman and a Vice-Chairman for a term of one year. The office of Chairman and Vice-Chairman shall be held by representatives of the different States on a rotating basis.

The Board shall meet whenever the Chairman so decides or when at least two members of the Board or the Managing Director so request.

The Executive Board shall be deemed to have a quorum when at least four members or alternates with the right to vote are present. Each member shall have one vote; an alternate shall have the right to vote only in the absence of the member.

A decision taken by the Executive Board shall be valid only if none of the persons present and entitled to vote are opposed to the decision.

The Executive Board shall adopt its own rules of procedure.

A representative of the Nordic Investment Bank shall participate in meetings of the Executive Board without the right to vote.

*Article 7*

The Executive Board shall exercise all the powers vested in the Fund but may, where expedient, delegate such powers to the Managing Director and/or the Nordic Investment Bank.

The Managing Director shall be in charge of the day-to-day activities of the Fund and shall follow the guidelines and instructions issued by the Executive Board.

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

*Article 8*

Two of the following shall sign jointly on behalf of the Fund:

Members of the Executive Board, alternate members, the Managing Director or persons authorized by the Executive Board.

## OTHER PROVISIONS

*Article 9*

A supervisory committee shall ensure that the Fund's activities are conducted in accordance with the statutes. The Supervisory Committee shall be responsible for auditing and shall submit an audit report each year to the Nordic Council of Ministers.

The task of serving as supervisory committee shall be performed by the supervisory committee appointed by the Nordic Council of Ministers and the Nordic Council to be responsible for the auditing of the Nordic Investment Bank.

*Article 10*

If the Nordic Council of Ministers decides to liquidate the Fund, the Council of Ministers shall appoint the persons to be in charge of the liquidation. Liquidation of the Fund through repayment or other utilization of the capital shall not take place until the Fund's obligations in respect of loans and other activities have been discharged.

For the Government of Denmark:

[Signed]

N. AADAL RASMUSSEN

For the Government of Finland:

[Signed]

BJÖRN ALHOLM

For the Government of Iceland:

[Signed]

THÓRDUR EINARSSON

For the Government of Norway:

[Signed]

OSCAR VAERNØ

For the Government of Sweden:

[Signed]

LENA HJELM-WALLÉN