

No. 29587

**FEDERAL REPUBLIC OF GERMANY
and
NEPAL**

**Agreement concerning financial cooperation (with annex).
Signed at Kathmandu on 30 November 1988**

Authentic texts: German, English and Nepalese.

Registered by Germany on 8 February 1993.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
NÉPAL**

**Accord de coopération financière (avec annexe). Signé à
Katmandou le 30 novembre 1988**

Textes authentiques : allemand, anglais et népalais.

Enregistré par l'Allemagne le 8 février 1993.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND HIS MAJESTY'S GOVERN- MENT 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,

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

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 totalling up to DM 60,000,000 (sixty million Deutsche Mark).

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

- (a) up to DM 45,000,000 (forty-five million Deutsche Mark) for the project Arun III Hydroelectric Power Plant if, after examination, the project has been found eligible for promotion;
- (b) up to DM 15,000,000 (fifteen million Deutsche Mark) to meet foreign exchange costs resulting from the purchase of fertilizers and other goods and services to cover current civilian requirements, particularly in connection with reconstruction measures in the areas affected by the earthquake, and to meet foreign exchange and local currency costs of transport.

¹ Came into force on 30 November 1988 by signature, in accordance with article 8.

insurance and assembly arising in connection with the importation of goods financed under this Agreement. The imported goods and services must be such as are covered by the list annexed to this Agreement, and the financial contribution shall be used for goods and services for which supply contracts have been concluded after 31 December 1987.

(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 and implementation of the project Arun III Hydroelectric Power Plant.

(4) The project referred to in paragraph 2 (a) 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 of this Agreement and the terms and conditions on which they are made available shall be governed by the provisions of the financing agreements to be concluded between the Kreditanstalt für Wiederaufbau and His Majesty's Government of Nepal, which agreements 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 on the conclusion or during the implementation of the financing 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 land sea 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) The fertilizers imported by means of the financial contributions shall be sold in Nepal by the Agricultural Inputs Corporation (hereinafter referred to as AIC).

(2) His Majesty's Government of Nepal shall pay 80% (eighty per cent) of the proceeds from the sale into a non-interest-bearing special account at the Nepal Rastra Bank, Kathmandu Banking Office, 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) The Ministry of Finance of His Majesty's Government of Nepal, together with the Embassy of the Federal Republic of Germany in Kathmandu, shall use the deposited funds by giving joint or identical instructions. Both shall receive current statements of account and be entitled to check that due payments are deposited in the account.

Article 6

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 7

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 8

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

[For the testimonium and signatures, see p. 45 of this volume.]

GESCHEHEN zu Kathmandu am 30. November 1988 in zwei Urschriften, jede in deutscher, nepalesischer und englischer Sprache, wobei jeder Wortlaut verbindlich ist. Bei unterschiedlicher Auslegung des deutschen und des nepalesischen Wortlauts ist der englische Wortlaut maßgebend.

DONE at Kathmandu on 30 November 1988 in duplicate in the German, Nepalese and English languages, all three texts being authentic. In case of divergent interpretation of the German and Nepalese texts, the English text shall prevail.

Für die Regierung der Bundesrepublik Deutschland:
For the Government of the Federal Republic of Germany:

KARL KEMPF
Botschafter der Bundesrepublik Deutschland
Kathmandu
Ambassador of the Federal Republic of Germany
Kathmandu

ANTON ZAHN
Ministerialdirektor
Bundesministerium
für wirtschaftliche Zusammenarbeit¹

Für Seiner Majestät Regierung von Nepal:
For His Majesty's Government of Nepal:

LOK BAHADUR SHRESTHA
Staatssekretär
Finanzministerium
Secretary Ministry of Finance

¹ Director, Federal Minister for Economic Cooperation.

ANNEX TO THE AGREEMENT OF 30 NOVEMBER 1988 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 contributions under Article 1 of the agreement of:
 - (a) Industrial raw and auxiliary materials as well as semimanufactures,
 - (b) industrial equipment as well as agricultural machinery and implements, including equipment for anti-erosion measures,
 - (c) spare parts and accessories of all kinds,
 - (d) chemical products, in particular fertilizers, plant protection agents, pesticides and medicaments,
 - (e) other industrial products of importance to the development of the Kingdom of Nepal,
 - (f) special communal vehicles and equipment,
 - (g) 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 of any goods and facilities serving military purposes, may not be financed from the financial contributions.
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