

INVESTMENT INCENTIVE AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE
REPUBLIC OF ZIMBABWE

The Government of the United States of America and the Government of the Republic of Zimbabwe, desiring to encourage economic activities in the Republic of Zimbabwe which promote the development of the economic resources and productive capacities of Zimbabwe and to provide for investment insurance (including reinsurance) and guaranties which are backed in whole or in part by the credit or public monies of the United States of America and are administered either directly by the Overseas Private Investment Corporation ("OPIC"), an independent government corporation organized under the laws of the United States of America, or pursuant to arrangements between OPIC and commercial insurance, reinsurance and other companies, have agreed as follows:

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ARTICLE 1

As used herein, the term "Coverage" shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this Agreement by OPIC, by any successor agency of the United States of America or by any other entity or group of entities, pursuant to arrangements with OPIC or any successor agency, all of whom are hereinafter deemed included in the term "Issuer" to the extent of their interest as insurer, reinsurer, or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage.

ARTICLE 2

The provisions set forth in this Agreement shall apply only with respect to Coverage relating to projects or activities registered with or otherwise approved by the Government of Zimbabwe or to Coverage relating to projects with respect to which the Government of Zimbabwe, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services or invited tenders on such a contract.

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ARTICLE 3

(a) If the Issuer makes payment to any party under Coverage, the Government of Zimbabwe shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any funds, credits, assets, or investment on account of which payment under such Coverage is made as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article.

(c) Nothing in this Agreement shall be deemed to be a waiver of or otherwise to limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights it may have under this Agreement, as Issuer or otherwise.

(d) The issuance of Coverage outside of Zimbabwe with respect to a project or activity in Zimbabwe shall not subject the Issuer to regulation under the laws of Zimbabwe applicable to insurance or financial organizations.



(e) Interest and fees on loans made or guaranteed by the Issuer, which loans utilize funds originating outside Zimbabwe, shall be exempt from tax in Zimbabwe. The Issuer shall not be subject to tax in Zimbabwe as a result of any transfer or succession which occurs pursuant to Article 3(a) hereof, or in respect of the Issuer's administration or subsequent disposal of the assets and rights so acquired; provided that this provision shall not apply to any taxes due and owing by the transferring party under Coverage at the time of such transfer or succession in respect of the assets or rights transferred. Tax treatment of other transactions conducted by the Issuer in Zimbabwe shall be determined by applicable law or specific agreement between the Issuer and appropriate fiscal authorities of the Government of Zimbabwe.

ARTICLE 4

To the extent that the laws of Zimbabwe partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of Zimbabwe by the Issuer, the Government of Zimbabwe shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to acquire and own such interests under the laws of Zimbabwe.

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ARTICLE 5

(a) Amounts in the lawful currency of Zimbabwe, including credits thereof, acquired by the Issuer by virtue of making payment to any party under Coverage shall be accorded treatment by the Government of Zimbabwe no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

(b) Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use by such person or entity in the territory of Zimbabwe.

(c) Notwithstanding the provisions of Article 2, the provisions of this Article 5 shall also apply to any amounts and credits in the lawful currency of Zimbabwe which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in Zimbabwe.

ARTICLE 6

(a) Any dispute between the Government of the United States of America and the Government of Zimbabwe regarding the interpretation or application of this Agreement or which, in the opinion of one of the Governments, involves a question of public international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations

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between the two Governments. If at the end of six months following the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 6(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6(a) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and be appointed by the two Governments. The arbitrators shall be appointed within two months and the president within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

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(ii) The arbitral tribunal, having regard to the provisions of Article 3(b) hereof insofar as they may be applicable, shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) Each of the Governments shall pay the expenses of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the president and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

ARTICLE 7

If, during the life of this Agreement, either Government desires to amend the Agreement, that Government shall in writing notify the other Government accordingly. Upon such notification, the two Governments shall enter into consultations with a view to introducing into this Agreement such amendments or modifications as experience shows to be desirable.

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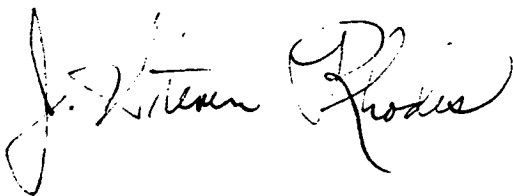
ARTICLE 8

This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to Coverage issued while the Agreement was in force shall remain in force for the duration of such Coverage, but in no case longer than twenty years after the denunciation of the Agreement.

This Agreement shall enter into force on the date of execution hereof.

In witness thereof, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done at Harare on the 20th day of June, 1990.



For the Government of
The United States
of America



For the Government of
The Republic of Zimbabwe