

CONFORMED COPY

TF 021174
DUTCH GRANT RELATED TO CREDIT NUMBER 3145 KG

Dutch Grant Agreement

(Social Sector Adjustment Credit)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Administrator of Grant Funds provided by the

MINISTER FOR DEVELOPMENT COOPERATION OF THE NETHERLANDS

Dated December 21, 1998

TF 021174

DUTCH GRANT AGREEMENT

AGREEMENT, dated December 21, 1998 between KYRGYZ REPUBLIC (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of grant funds provided by the MINISTER FOR DEVELOPMENT COOPERATION OF THE NETHERLANDS (the Minister).

WHEREAS (A) pursuant to a Development Credit Agreement (Social Sector Adjustment Credit), dated December 10, 1998, between the Recipient and the Association (the IDA Credit Agreement), the Association has agreed to extend to the Recipient a credit in an amount in various currencies equivalent to twenty-six million seven hundred thousand Special Drawing Rights (SDR 26,700,000) to support the Recipient in the execution of the Program, as defined in the IDA Credit Agreement; and

(B) pursuant to an arrangement dated November 25, 1998 between the Minister and International Bank for Reconstruction and Development (the Bank) and the Association, the Minister has requested the Bank and the Association, and the Bank and the Association have agreed, to administer grant funds (the Grant) to be made available by the Minister for the support of the Recipient in the execution of the Program, in accordance with the provisions of such arrangement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable

to Development Credit Agreements of the Association, dated January 1, 1985, as amended through December 2, 1997, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (5), (7), (8), (9), (12) and (13), 2.02 and 2.03;
- (iii) Sections 4.01 and 4.05;
- (iv) Article V;
- (v) Sections 6.01, 6.02 (a), (b), (c), (d), (e), (g), (h), and (l), 6.03, 6.04 and 6.06;
- (vi) Section 8.01 (b);
- (vii) Sections 9.01, 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08;
- (viii) Article X; and
- (ix) Article XI.

(b) The General Conditions shall be modified as follows:

(i) the term "Association", wherever used in the General Conditions, other than in Section 6.02 (e) thereof, means the International Development Association acting as Administrator of the Grant pursuant to the arrangement between the Minister and the Bank and the Association referred to in Recital (B) of this Agreement, except that in Section 6.02 the term "Association" shall also include the International Development Association acting in its own capacity;

(ii) the term "Borrower", wherever used in the General Conditions, means the Recipient;

(iii) the term "Development Credit Agreement", wherever used in the General Conditions, means this Agreement except that in Section 6.02 (a), the term "Development Credit Agreement" means the IDA Credit Agreement;

(iv) the term "Credit", wherever used in the General Conditions, means the Grant;

(v) the term "Credit Account", wherever used in the General Conditions, means the Grant Account, an account opened by the Administrator on its books in the name of the Recipient to which the amount of the Grant is credited;

(vi) the term "Deposit Account", wherever used in the IDA Credit Agreement, means the Grant Deposit Account, an account that the Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Grant Account, and thereafter maintain in its central bank, on terms and conditions satisfactory to the Association, into which all withdrawals from the Grant Account shall be deposited by the Association; provided, however, that if the first request for withdrawal is in Dollars, the Grant Deposit Account may be the same as the Deposit Account under the IDA Credit Agreement; and

(vii) Section 4.01 shall be modified to read:

"Unless otherwise agreed by the Association, withdrawals from the Grant Account shall be made in the currency of the Grant, i.e. Netherlands Guilders (NLG)."

Section 1.02. Wherever used in this Agreement, unless the context otherwise

requires, the several terms defined in the General Conditions, in the Recitals to this Agreement and in the IDA Credit Agreement have the respective meanings therein set forth; and the terms "Netherlands Guilders" and "NLG" mean the currency of the Netherlands.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a Grant in an amount of three million Netherlands Guilders (NLG 3,000,000).

Section 2.02. The amount of the Grant may not be withdrawn from the Grant Account before the release of the first tranche pursuant to the IDA Credit.

Section 2.03. The Closing Date shall be June 30, 1999 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Other Covenants

Section 3.01. Section 2.02 (c) and Article III of the IDA Credit Agreement, including the Schedules referred to therein, are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in said Articles to the "Association" shall be deemed to be references to the Association as Administrator of the Grant under this Agreement, all references to the "Borrower" shall be deemed to be references to the Recipient, and all references to the "Credit" and the "Credit Account" and "Deposit Account" shall be deemed to be references to the Grant, the Grant Account and the Grant Deposit Account, respectively.

ARTICLE IV

Effectiveness

Section 4.01. This Agreement shall become effective upon its execution by the parties.

ARTICLE V

Representation

Section 5.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Erkindik Str. 58
720874 Bishkek
Kyrgyz Republic

For the Administrator:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the day and year first above written.

KYRGYZ REPUBLIC

By /s/ Mr. Jeenbaev

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant

By /s/ Kiyoshi Koderu

Authorized Representative

