

CONFORMED COPY

CREDIT NUMBER 2868-1 KG  
(Amendment)

Agreement Amending  
Development Credit Agreement

(Power and District Heating Rehabilitation Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 26, 1999

CREDIT NUMBER 2868-1 KG  
(Amendment)

AGREEMENT AMENDING  
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 26, 1999, between KYRGYZ REPUBLIC (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Power and District Heating Rehabilitation Project) dated July 3, 1996 (the Development Credit Agreement) for the purpose of assisting in the financing of the project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) the Borrower has requested the Association to provide additional assistance towards the financing of Part A of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to eleven million two hundred thousand Special Drawing Rights (SDR 11,200,000); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Amending Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the Development Credit Agreement

Section 1.01. Section 1.01 of the Development Credit Agreement is amended to read: "Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, as amended through December 2, 1997 (the General Conditions) constitute an integral part of this Agreement."

Section 1.02. Section 1.02 of the Development Credit Agreement is amended by deleting the "and" at the end of Subsection (f), substituting "; and" for "." at the end of Subsection (g) and adding a new Subsection (h) and a new Subsection (i) as follows:

"(h) 'Amending Agreement' means the agreement amending the Development Credit Agreement (Power and District Heating Rehabilitation Project) between the Borrower and the Association, dated July 3, 1996."

"(i) 'Amending Project Agreement' means the agreement amending the Project Agreement (Power and District Heating Rehabilitation Project) between the Association and KNEHC, dated July 3, 1996."

Section 1.03. Section 2.01 of the Development Credit Agreement is amended to read as follows:

"Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-four million eight hundred thousand Special Drawing Rights (SDR 24,800,000) in two tranches, the first tranche being an amount in various currencies equivalent to thirteen million six hundred thousand Special Drawing Rights (SDR 13,600,000) (the First Tranche) and the second tranche being an amount in various currencies equivalent to eleven million two hundred thousand Special Drawing Rights (SDR 11,200,000) (the Second Tranche)."

Section 1.04. In Section 2.02 of the Development Credit Agreement, the following new paragraph (c) is added:

"(c) Except as the Borrower and the Association shall otherwise agree, all amounts withdrawn from the Credit Account, or made subject to a special commitment pursuant to Section 5.02 of the General Conditions, shall initially be charged against the First Tranche until that tranche has been exhausted, and shall thereafter be charged against the Second Tranche."

Section 1.05. In Section 2.03 of the Development Credit Agreement, the Closing Date is amended to read December 31, 2002.

Section 1.06. A proviso is added at the end of Subsection 2.04 (b) (i) of the Development Credit Agreement reading as follows:

"; provided, however, that the commitment charge on the Second Tranche shall accrue from a date sixty (60) days after the date of the Amending Agreement."

Section 1.07. In Section 4.08 of the Development Credit Agreement, the expression "Starting from 1997" is amended to read as follows: "Starting from 1999".

Section 1.08. The table in paragraph 1 of Schedule 1 to the Development Credit Agreement is amended to read as set forth in Schedule 1 to this Amending Agreement.

Section 1.09. In the last paragraph of Schedule 2 to the Development Credit Agreement, the expected Project completion date is amended to read June 30, 2002.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that:

(a) the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, and the Amending Agreement is legally binding upon the Borrower in accordance with its terms;

(b) the execution and delivery of the Amending Project Agreement on behalf of KNEHC have been duly authorized or ratified by all necessary action, and the Amending Project Agreement is legally binding upon KNEHC in accordance with its terms;

(c) the Subsidiary Loan Agreement has been amended in a manner satisfactory to the Association, and such amendment has been duly authorized or ratified by the Borrower and KNEHC and is legally binding upon the Borrower and KNEHC in accordance with its terms;

(d) the heat tariffs have been adjusted in such a way that the average revenue from the sale of heat energy in 1998 is at least 15% above the average revenue from the sale of heat energy in 1997; and

(e) consultants with qualifications, experience and terms of reference satisfactory to the Association shall have been appointed to assist KNEHC in carrying out Part D(2)(ii) of the Project.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing: (a) on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms, and that the amended Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and is legally binding upon the Borrower in accordance with its terms; and (b) on behalf of KNEHC, that the Amending Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, KNEHC and is legally binding upon KNEHC in accordance with its terms, and that the amended Subsidiary Loan Agreement has been duly authorized or ratified by KNEHC and is legally binding upon KNEHC in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association dispatches to the Borrower and KNEHC notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

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

KYRGYZ REPUBLIC

By /s/ Baktybek Abdrissaev

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Nancy J. Cooke

Acting Regional Vice President  
Europe and Central Asia

SCHEDULE 1

Withdrawals of the Proceeds of the Loan

The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods under Part A of the Project	20,600,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(2) Consultants' Services and Training		100%
(i) under Part D of the Project	2,370,000	
(ii) under Part E of the Project	270,000	
(3) Unallocated	1,560,000	
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TOTAL	24,800,000	

