

Swiss Grant Agreement
(Rehabilitation Credit Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Administrator of Grant Funds
provided by the Swiss Cooperation Office
for Eastern Europe

Dated June 10, 1994

SWISS GRANT AGREEMENT

AGREEMENT, dated June 10, 1994, between the KYRGYZ REPUBLIC (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of grant funds provided by the SWISS COOPERATION OFFICE FOR EASTERN EUROPE (SWITZERLAND).

WHEREAS (A) pursuant to an agreement dated December 13, 1993 between Switzerland and the Association, Switzerland has requested the Association, and the Association has agreed, to administer grant funds to be made available by Switzerland for the financing of activities related to the privatization in the agricultural sector to be carried out under the Rehabilitation Credit extended by the Association to the Recipient under a Development Credit Agreement, dated May 20, 1993; and

WHEREAS (B) Switzerland has agreed to make available to the Recipient a non-reimbursable contribution (the Grant) to finance the cost of carrying out the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth;

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, 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), (6), (7), (8), (9), (11), (12) and (13);
 - (iii) Section 3.01;
 - (iv) Sections 4.01 and 4.05;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (a) (i), (b), (d), (e), (g) and (h), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01, 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08;
 - (ix) Sections 10.01, 10.02 and 10.03; and
 - (x) Article XI.
- (b) The General Conditions shall be modified as follows:
- (i) the term "Association", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (e) thereof means the International Development Association acting as Administrator of the Grant pursuant to the letter agreement between Switzerland and the Association, and the Association referred to in Recital (A) 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 "Credit Agreement", wherever used in the General Conditions, means this 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 "Project", wherever used in the General Conditions, means the technical assistance described in Schedule 2 to this Agreement; and
 - (vii) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in Swiss Francs; provided, however, that if the expenditures to be financed out of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the terms "Swiss Franc" and "SFR" mean the currency of Switzerland.

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, the Grant in an amount of nine hundred thousand Swiss Francs (SFR 900,000).

Section 2.02. The Grant is made to finance 100% of total expenditures for consultants' services and related equipment, in respect of the reasonable cost of carrying out the Project to be financed out of the Grants provided, however, that no withdrawals shall be made in respect of payments made prior to the date of this Agreement.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the consultants' services required for the Project and to be financed out of the Grant shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and
- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

ARTICLE IV

Effectiveness; Termination

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

Section 4.02. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE V

Representation

Section 5.01. The Vice Chairman of the State Commission for Foreign Investment and Economic Assistance 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:

Vice Chairman of State Commission for Foreign
Investments and Economic Assistance
96 Kievskaya Street
Bishkek
Kyrgyzstan 720300

Telex:

245169 ASKAR SU

For the Administrator:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

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.

REPUBLIC OF KYRGYZSTAN

By /s/ A. Matubraimov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant

By /s/ W. Thalwitz

Regional Vice President
Europe and Central Asia

SCHEDULE 1

Description of Technical Assistance

1. A study on agricultural policies.
2. Irrigation rehabilitation and water charges studies.

SCHEDULE 2

Procurement and Consultants' Services

Employment of Consultants

In order to assist the Recipient in carrying out the Project, the Recipient shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Administrator. Such consultants shall be

selected in accordance with principles and procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

