

Dutch Grant Agreement

(Agricultural Privatization and Enterprise 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 October 1, 1996

DUTCH GRANT AGREEMENT

AGREEMENT, dated October 1, 1996 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 (Agricultural Privatization and Enterprise Adjustment Credit), dated July 28, 1995, 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-eight million six hundred thousand Special Drawing Rights (SDR 28,600,000) to assist in the financing of urgently needed imports (the Imports) required during the execution of the Program, as defined in the IDA Credit Agreement; and

(B) pursuant to an arrangement dated September 27, 1996 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 financing of the Imports, in accordance with the provisions of such arrangement and in addition to grant funds made available by the Minister for the same purpose pursuant to an arrangement dated November 16, 1995 between the Minister and the Bank and the Association;

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), (12) and (13), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Sections 4.01 and 4.05;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (b), (c), (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) Article X; 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 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; and

(vi) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in Netherlands Guilders; provided, however, that if the expenditures to be financed out of the proceeds 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, 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 eight million seven hundred and fifty thousand Netherlands Guilders (NLG 8,750,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of the Schedule to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of the Imports to be financed out of the Grant.

Section 2.03. Except as the Administrator shall otherwise agree, the Imports to be financed out of the Grant shall be procured in accordance with the provisions of Schedule 2 to the IDA Credit Agreement.

Section 2.04. The Closing Date shall be December 31, 1996 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. Except as otherwise expressly provided herein, 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" shall be deemed to be references to the Grant and the Grant Account, respectively.

ARTICLE IV

Effectiveness

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

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

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:

Minister 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:

INDEVAS
Washington, D.C.

Telex:

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/ Kemelbek Nanaev

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant

By /s/ Yukon Huang

Authorized Representative

SCHEDULE

Withdrawal of the Grant

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

Category	Amount of the Grant Allocated (Expressed in NLG)	% of Expenditures to be Financed
(1) Imports	8,750,000	100%

TOTAL	8,750,000 =====	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of the IDA Credit Agreement.

3. The Administrator may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for goods under contracts not exceeding \$1,000,000 equivalent, under such terms and conditions as the Administrator shall specify by notice to the Recipient.



