

CONFORMED COPY

LOAN NUMBER 4331 KZ

Loan Agreement

(Agricultural Post Privatization Assistance Project)

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated June 23, 1998

LOAN NUMBER 4331 KZ

LOAN AGREEMENT

AGREEMENT, dated June 23, 1998, between the REPUBLIC OF KAZAKHSTAN (the Borrower) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received a letter dated May 4, 1998, from the Borrower describing a program of actions, objectives and policies designed to provide post-privatization support for rural enterprises (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower has requested that the Bank support the execution of the Program through a series of loans of up to \$85,000,000 over a period of up to ten (10) years to be utilized by the Borrower for the implementation of the Program;

(C) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, which Project forms the first phase of the Program, has requested the Bank to assist in the financing of the Project;

(D) by agreement (the British Grant Agreement) to be entered into between the Borrower and the British Know-How Fund (BKHF), BKHF is expected to make a grant to the Borrower in an aggregate principal amount of UK Pounds Sterling 525,000 (the British Grant) to assist in financing a portion of Part A of the Project on the terms and conditions set forth in the British Grant Agreement;

(E) by agreement (the EU Agreement) to be entered into between the Borrower and the European Union (EU), EU is expected to make a grant to the Borrower in an aggregate principal amount of ECU 1,200,000 equivalent to \$1,300,000 (the EU Grant) to assist in financing a portion of Part B of the Project on the terms and conditions set forth in the EU Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower in support of the first phase of the Program upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995, as amended through December 2, 1997 (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ACs" means the Advisory Councils referred to in paragraph 6 of Part A of Schedule 5 to this Agreement.

(b) "CEL" means the Borrower's Committee of External Loans established within MOF.

(c) "Free-limit Subloan" means a Subloan, as so defined, which qualifies as a free-limit Subloan pursuant to the provisions of paragraph 2 (b) of Part D of Schedule 5 to this Agreement.

(d) "MOA" means the Borrower's Ministry of Agriculture and includes any successor or successors thereto.

(e) "MOF" means the Borrower's Ministry of Finance and includes any successor or successors thereto.

(f) "PFIs" or "Participating Financial Institutions" means collectively the financial institutions selected for participation in the Project in accordance with paragraph 2 of Part B of Schedule 5 to this Agreement; and "PFI" or "Participating Financial Institution" means singularly any one of the said institutions.

(g) "PIU" means the Project Implementation Unit established within MOA to assist it in carrying out the Project.

(h) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated December 2, 1997 and December 26, 1997 between the Borrower and the Bank.

(i) "RACs" means the Rural Advisory Centers established pursuant to Section 6.01(a) of this Agreement.

(j) "Rural Enterprise" means singularly an enterprise to which a PFI proposes to make or has made a Subloan; and "Rural Enterprises" means collectively all said enterprises.

(k) "Special Account" means the account referred to in Section 2.02(b) of this Agreement.

(l) "Subloan" means a loan made or proposed to be made by a PFI out of the proceeds of the Loan to a Rural Enterprise for a Subproject.

(m) "Subproject" means a specific development project to be carried out by a Rural Enterprise utilizing the proceeds of a Subloan.

(n) "Subsidiary Loan Agreements" means the agreements to be entered into between the Borrower and the PFIs pursuant to paragraph 3 of Part B of Schedule 5 to this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the Subsidiary Loan Agreements; "Subsidiary Loan Agreement" means singularly any one of the said agreements; and "Subsidiary Loan" means a loan made or proposed to be made under the concerned Subsidiary Loan Agreement.

(o) "Tenge" means the lawful currency of the Borrower.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to fifteen million Dollars (\$15,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) amounts paid (or, if the Bank shall so agree, to be paid) by the Borrower on account of withdrawals made by a Rural Enterprise under a Subloan to meet the reasonable cost of goods and services required for the Subproject in respect of which the withdrawal from the Loan Account is requested; and (ii) for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a bank, acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be January 31, 2002 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.06. Interest and other charges shall be payable June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project, through MOA, with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the continued achievement of the Project's objectives; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower 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 Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) 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 Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one (1) year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02(p) of the General Conditions, the following additional events are specified:

(a) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

(b) The British Grant or the EU Grant shall have failed to become effective by August 31, 1998, or such later date or dates as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph: (A) the right of the Borrower to withdraw the proceeds of the British Grant or EU Grant or

any other grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01(k) of the General Conditions, the following additional event is specified, namely, the event specified in paragraph (c)(i)(B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c)(ii) of that Section.

## ARTICLE VI

### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01(c) of the General Conditions:

(a) The RACs have been lawfully constituted and registered in accordance with applicable law or regulation.

(b) A Subsidiary Loan Agreement has been executed with at least one PFI.

(c) A Law on Registration of Pledges on Moveable Property, satisfactory to the Bank, has been promulgated by the Borrower's Parliament.

(d) The Borrower has appointed an auditor, acceptable to the Bank, to undertake the auditing of the accounts under Article IV of this Agreement.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02(c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) That the RACs have been constituted and registered in accordance with the Borrower's applicable law or regulation.

(b) That the Subsidiary Loan Agreement, referred to in Section 6.01(b) hereof, has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the PFI, and is legally binding upon them in accordance with its terms.

Section 6.03. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance  
Republic Square 60  
473000, Akmola  
Republic of Kazakhstan

Telex:

264126

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INTBAFRAD  
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 in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By /s/ Bolat Nurgaliyev

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Kiyoshi Kodera

Acting Regional Vice President  
Europe and Central Asia

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Consultants' services and training	1,190,000	100%
(2) Goods (including 2 vehicles)	20,000	100% of foreign expenditures, 100%

			of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(3)	Subloans	12,290,000	100% for the first twelve months; 80% thereafter
(4)	Incremental operating costs	360,000	100% up to December 31, 1999; 80% up to December 31, 2000; and 60% thereafter
(5)	Refunding of Project Preparation Advance	853,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(6)	Unallocated	287,000	
	TOTAL	15,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term "incremental operating costs" means the incremental expenses incurred by the CEL, PIU and RACs on account of Project implementation, management, monitoring and supervision costs, including office equipment and supplies, rent, maintenance, communication, vehicle operation, travel and transportation, audit of Project accounts, but excluding salaries of officials of the Borrower; and

(d) the term "first twelve months" has the same meaning ascribed thereto in paragraph 4(b)(iii) of Part B of Schedule 5 to this Agreement.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$1,500,000, may, subject to sub-paragraphs 3(b) and 3(c) hereof, be made in respect of Category 3 set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after March 1, 1998;

(b) in respect of any payments made, unless the Bank has received evidence, satisfactory to it, that a Subsidiary Loan Agreement, satisfactory to the Bank, has been executed on behalf of the Borrower and the PFI in respect of which the Borrower has requested a withdrawal; and

(c) in respect of a Subloan unless the Subloan has been made in accordance with the procedures and on the terms and conditions set forth or referred to in Schedule 5 to this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for goods under contracts costing less than \$300,000 equivalent each, services under contracts costing less than \$100,000 equivalent each for consulting firms, and less than \$25,000 equivalent for individual consultants, under such terms and conditions as the Bank shall specify by notice to the Borrower.



## SCHEDULE 2

### Description of the Project

The objective of the Program is to improve the performance of Rural Enterprises in Kazakhstan including: (i) maintaining the Borrower's policy framework for development of private rural enterprises and strengthening the market economy; (ii) improving the flow of information, advice and training to newly emerging rural enterprises; (iii) supporting the development of rural financial markets and improving the access of rural enterprises to commercial financial services; and (iv) introducing further legal and institutional reforms to improve the rural financial system and strengthen bankruptcy procedures.

The objective of the Project is to: (i) facilitate commercialization of Rural Enterprises aimed at increasing farm productivity and higher farm incomes; (ii) assist Rural Enterprises to develop business plans that can be used to approach the commercial banks for financing; and (iii) strengthen the legal and institutional framework for agricultural lending and for bankruptcy of agricultural enterprises, in two of the Borrower's regions, namely, Akmola and Almaty.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### PART A: RURAL ENTERPRISE ADVISORY SERVICES

1. Establishment of Rural Advisory Centers in Almaty and Akmola regions to: (a) provide direct assistance to Rural Enterprises undergoing restructuring to make the necessary changes in ownership structure, management, commercial and technical practices to improve productivity and achieve sustainability and financial viability; and (b) identify, train and accredit a network of local consultants to provide assistance in the preparation of business plans, and managerial, commercial and technical advice to Rural Enterprises.
2. (a) Improvement of access to information for shareholders of newly privatized Rural Enterprises; (b) building local business support infrastructure to deliver technical and commercial advice and training to restructuring Rural Enterprises; and (c) building local capacity for the provision of advice relating to the resolution of social issues arising from the restructuring process.
3. Provision and distribution of information focusing on the rights of land entitlement and the potential uses of property entitlements in the creation of new businesses or in generating income to Rural Enterprise members who are land entitlement holders.
4. Provision of commercial and technical advice to Rural Enterprises for bringing about commercial viability, and building local business support infrastructure to deliver technical and commercial advice and training to restructuring Rural Enterprises including local capacity for the provision of advice relating to the resolution of social issues arising from the restructuring process.

#### PART B: CREDIT FOR RESTRUCTURED RURAL ENTERPRISES

1. Provision of financing through selected participating financial institutions to Rural Enterprises that have successfully completed restructuring and have business plans with financing proposals that have adequate financial rates of return and demonstrated repayment capacity.
2. Provision of a line of credit to selected PFIs for the financing of eligible Sub-projects.

#### PART C: INSTITUTIONAL DEVELOPMENT

1. Development of an institutional framework to support the longer term development of a sustainable rural financial system capable of meeting the sector's demand for credit, including: (a) institution and capacity building of PFI's to carry out liquidation analysis, to initiate restructuring of debtor Rural Enterprises and

practical procedures for debt work out, bankruptcy and liquidation, to facilitate creditor led restructurings, and to strengthen creditors' capacity to initiate restructuring through provision of advice and assistance to creditors in utilizing regulations for agricultural bankruptcy and liquidation; (b) training of judges, liquidators and administrators on issues unique to bankruptcy of agricultural enterprises; and (c) provision of advisory services to workers in Rural Enterprises facing bankruptcy of their rights and options related to the restructuring of Rural Enterprises.

2. The development of a legal and regulatory framework for agricultural lending, including: (a) the development of a crop pledging system and a system of bonded warehouses and the use of warehouse receipts as collateral to facilitate secure storage and collateralization of crops; (b) provision of assistance in the development of legislation, regulations and implementation procedures for using agricultural commodities as collateral for commercial bank lending to facilitate secured lending such as warehouse receipts and accounts receivable; and (c) the provision of assistance in the implementation of legislation on bankruptcy for agricultural enterprises and registration of liens on moveable property.

PART D: PROJECT MANAGEMENT SUPPORT

Provision of technical assistance, training, equipment and incremental operating costs for project management and supervision, including assistance for the establishment and operation of a Project Implementation Unit in the Borrower's Ministry of Agriculture.

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The Project is expected to be completed by August 31, 2001.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in Dollars)*
December 15, 2003	320,000
June 15, 2004	325,000
December 15, 2004	335,000
June 15, 2005	345,000
December 15, 2005	355,000
June 15, 2006	365,000
December 15, 2006	380,000
June 15, 2007	390,000
December 15, 2007	400,000
June 15, 2008	415,000
December 15, 2008	425,000
June 15, 2009	440,000
December 15, 2009	450,000
June 15, 2010	465,000
December 15, 2010	475,000
June 15, 2011	490,000
December 15, 2011	505,000
June 15, 2012	520,000
December 15, 2012	535,000
June 15, 2013	550,000
December 15, 2013	570,000
June 15, 2014	585,000
December 15, 2014	605,000
June 15, 2015	620,000
December 15, 2015	640,000
June 15, 2016	660,000
December 15, 2016	675,000
June 15, 2017	695,000
December 15, 2017	720,000
June 15, 2018	745,000

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\* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

#### SCHEDULE 4

##### Procurement and Consultants' Services

###### Section I. Procurement of Goods

###### Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the Guidelines) and the following provisions of this Section.

###### Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

###### (a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$300,000 equivalent or more each.

###### (b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

###### Part C: Other Procurement Procedures

###### 1. Limited International Bidding

Except as otherwise provided in paragraphs 2, 3, 4 and 5 hereof, goods, which the Bank agrees can only be purchased from a limited number of suppliers, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

###### 2. International Shopping

Except as otherwise provided in paragraphs 3, 4 and 5 hereof, goods estimated to cost less than \$300,000 equivalent per contract may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

###### 3. National Shopping

(a) Except as otherwise provided in paragraphs 4 and 5 hereof, goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) Vehicles, up to an aggregate amount not to exceed \$30,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

###### 4. Direct Contracting

Except as otherwise provided in paragraph 5 hereof, goods which are of a proprietary nature may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

5. Commercial Practices

Goods, estimated to cost the equivalent of less than \$20,000 per contract, may be procured at competitive prices in accordance with normal commercial practices, acceptable to the Bank, due account being taken also of other relevant factors such as time of delivery and efficiency and reliability thereof and availability of maintenance and spare parts therefor.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract under Parts B.1, C.1 and C.4 hereof, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first contract under the first three Subprojects, regardless of the procurement method, the procedures set forth in paragraphs 2 and 3 of Appendix 1 of the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for advisory services to Rural Enterprises under Part B of the Project, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Individual Consultants

Services of consultants for services that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

2. Single Source Selection

Services that meet the requirements set forth in paragraph 3.9 of the Consultants Guidelines, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 5

Implementation Program

Part A: General

1. The Borrower shall carry out Parts A, C and D of the Project through MOA with the assistance of the PIU. The Borrower shall maintain the PIU, comprising such staff in adequate numbers and with such functions, powers, funds and facilities as are deemed satisfactory by the Bank.

2. The Borrower shall, until completion of the Project, cause the PIU to prepare, by November 30 of each year commencing in 1998, and thereafter furnish forthwith to the Bank for review and approval an annual work program that includes targets for Rural Enterprises to be restructured, technical assistance requirements, and training to be undertaken during the reporting period.

3. The Borrower shall, by December 31, 1998, provide environmental training to the staff of the PIU, RACs, and PFIs through its Ministry of Environment and Natural

Resources in accordance with a plan agreed with the Bank.

4. The Borrower shall maintain the RACs with such staff in adequate numbers and with such functions, powers, funds and facilities as are deemed satisfactory by the Bank.

5. The RACs shall, inter alia, be responsible for assisting Rural Enterprises to undertake restructuring and ensuring that Rural Enterprises applying for credit under the Project meet the required eligibility criteria set forth in Part C hereof.

6. The RACs shall: (i) by April 30, 1999, formulate a plan for the provision of advisory services to Rural Enterprises on the basis of cost recovery and discuss the same with the Bank; and (ii) thereafter forthwith implement the said plan taking into account the comments thereon, if any, by the Bank.

7. The Borrower shall, by September 30, 1998, establish, under terms of reference acceptable to the Bank, and thereafter maintain Advisory Councils, with such functions and powers as are deemed satisfactory by the Bank.

8. The Borrower shall adopt commercial credit policies and shall phase out its prevailing practice of providing interest rate subsidies on agricultural credit from budgetary resources. To this end, the Borrower shall, by January 1, 2000, terminate all subsidies for agriculture credit from its budgetary resources, except as otherwise discussed and agreed with the Bank prior thereto.

9. The Borrower shall: maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof; prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about February 15, 2000, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and review with the Bank, by March 15, 2000, or such later date as the Bank shall request, the report referred to in subparagraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank views on the matter.

#### Part B: Participating Financial Institutions

1. The Borrower shall carry out Part B of the Project through PFIs selected for participation in the Project pursuant to paragraph 2 hereof.

2. The Borrower shall, in consultation with the Bank, select financial institutions for participation under Part B of the Project in accordance with the eligibility criteria, agreed with the Bank, which includes:

(a) a valid banking license held by the financial institution;

(b) a Certificate of Compliance issued by the National Bank of Kazakhstan that the financial institution is in compliance with all banking laws and regulations and fully satisfies the prudential regulations, including capital adequacy, limits of exposure to one borrower and to insiders, and on open foreign exchange position;

(c) accounts and financial statements prepared in accordance with International Accounting Standards (IAS);

(d) an acceptable audit report of the financial institution covering the most recent one year of operations, including a portfolio review, prepared by an internationally recognized audit firm in accordance with International Standards on Auditing (ISA);

(e) an adequate network of branches of the financial institution to serve rural clients;

(f) an acceptable governing body of the financial institution which prescribes the overall policy and performs appropriate oversight of the financial institution's operations;

(g) expressed interest and experience of the financial institution in lending to agricultural clients;

(h) internal administrative, operational and financial systems and procedures of the financial institution acceptable to the Bank; and

(i) expressed willingness of the financial institution to participate in a program of capacity building.

3. (a) For the purposes of Part B of the Project, the Borrower shall onlend the amount of the Loan allocated to Category (3) in the Table in Paragraph 1 of Schedule 1 to this Agreement to the PFIs under subsidiary loan agreements to be entered into between the Borrower and each of the PFIs under terms and conditions which shall have been approved by the Bank. Except as the Bank shall otherwise agree, such terms and conditions shall include the following:

(i) The amount of subsidiary loan to each PFI shall be made available in Dollars or Tenge;

(ii) the principal amount of the Subsidiary Loan shall be repaid by the concerned PFI in Dollars or Dollars equivalent in Tenge to the Borrower in equal semi-annual installments over fifteen (15) years, including a grace period of three (3) years; and

(iii) interest shall be charged on the outstanding balances of the Subsidiary Loans at a rate acceptable to the Bank and to be determined as follows: (a) The interest rate for Subsidiary Loans denominated in Dollars shall represent the prevailing interest rate as determined in accordance with Section 2.05 of this Agreement plus a spread set by the Borrower from time to time, and agreed to by the Bank, to compensate the Borrower for: (1) the commitment fee payable in respect of the Loan; and (2) the credit risk associated with the Subsidiary Loan; and (b) the interest rate for Subsidiary Loans denominated in Tenge shall be determined by a methodology acceptable to the Bank on the basis of similar considerations as applicable for the Subsidiary Loans denominated in Dollars.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements or any provision thereof.

4. (a) The maximum amount to be made available by the Borrower to the PFIs out of the proceeds of the Loan shall, for any period of time, be limited to an amount corresponding to such specific percentage of the PFIs' aggregate qualifying Subloan disbursements for such period, as shall have been provided for under the terms of the Subsidiary Loan Agreements and in accordance with policies of the Borrower satisfactory to the Bank; provided, however, that in the case of any particular PFI, the percentage of aggregate qualifying Subloan disbursements so specified may not, in any event, be in excess of 100 percent for the first twelve months, and 80 percent thereafter.

(b) For purposes of this paragraph:

(i) "qualifying Sub-loan disbursements" means amounts under a Subloan which have been disbursed by a PFI to a Beneficiary for any eligible expenditures on account of which the PFI is entitled to draw (or has drawn) upon the credit facility established pursuant to the concerned Subsidiary Loan Agreement;

(ii) "aggregate qualifying Sub-loan disbursements" with respect to any particular PFI in a given period of time, means the aggregate amounts of qualifying Sub-loan disbursements made by such PFI under all Sub-loans to all Beneficiaries in such period of time; and

(iii) "first twelve months" means, for any particular PFI, the period of twelve months following the date of its Subsidiary Loan Agreement.

Part C: Rural Enterprises and Subprojects

1. The Borrower shall, in consultation with the Bank, select Rural Enterprises and Subprojects in accordance with eligibility criteria, agreed with the Bank, including the following:  
Rural Enterprises.

(a) Rural Enterprises. To be eligible for a Subloan, Rural Enterprises shall:  
(a) be 100 percent privately owned and duly registered as a family farm or legal entity recognized by applicable law or regulation (joint stock company, production cooperative, or a partnership); (b) have a share holding structure that is transparent and fully documented (where shares in a legal entity (joint stock company, production cooperative, or partnership) have been transferred to the farm managers by the farm workers or pensioners, the terms and conditions of those transfers must be fully documented in a formal lease or sales agreement that specifies the terms and conditions of the transfer); and (c) have undergone or are in the process of restructuring and can demonstrate in a business plan their financial and commercial viability and ability to repay the loan Subprojects.

(b) Subprojects. Eligible subprojects shall include: (a) farming and other rural activities such as agro-processing and agro-services that are directly linked to Rural Enterprises receiving a Subloan under the Project; (b) contribution in cash or in kind towards the cost of a Subproject by a Rural Enterprise of at least 10 percent for rehabilitation or modernization, or 25 percent for new expansion; and (c) evidence of a debt service coverage ratio of at least 1.3 over the life of the Subloan, calculated on the basis of the Rural Enterprise's total debts.

2. For the purposes of Part B of the Project, the Borrower shall cause the PFIs to relend a portion of the proceeds of the Subsidiary Loan to Rural Enterprises under Subloan Agreements to be entered into between the PFIs and the Rural Enterprises in accordance with the procedures and under terms and conditions which shall have been approved by the Bank, including those set forth or referred to in Part D hereof.

3. The Borrower shall cause each PFI to exercise its rights in relation to each Subproject in such manner as to: (i) protect the interests of the Bank and the Borrower; (ii) comply with its obligations under its Subsidiary Loan Agreement and Subloan agreements; and (iii) achieve the purposes of the Project.

Part D: Procedures for and Terms and Conditions of Subloans

1. Terms and conditions:

(a) The amount of Subloan to each Rural Enterprise shall be made available in Dollars or Tenge.

(b) The principal amount of the Subloan shall be repaid by the concerned Rural Enterprise in Dollars or Tenge to the PFI in equal semi-annual installments over a period not exceeding twelve (12) years, including a grace period not exceeding three (3) years.

(c) Interest shall be charged on the principal amount of each Subloan withdrawn and outstanding from time to time, at the prevailing interest rate under the concerned Subsidiary Loan Agreement as determined in accordance with Paragraph 3(a)(iii) of Part B of this Schedule plus a market-based spread determined by the PFI making such Subloan. Additionally, a market-based foreign exchange risk premium shall be charged for Subloans denominated in Tenge.



(d) Outstanding Subloans to any one sub-borrower shall not exceed US\$500,000, provided, however, that under special circumstances, to be determined by the Bank on a case by case basis, the amount of each Subloan, up to an aggregate limit of \$5,000,000 equivalent, may be up to \$750,000 equivalent.

2. No expenditures for goods or services required for a Subproject shall be eligible for financing out of the proceeds of the Loan unless:

(a) the Subloan for such Subproject shall have been approved by the Bank and such expenditures shall have been made not earlier than ninety (90) days prior to the date on which the Bank shall have received the application and information required under paragraph 3 (a) of Part B of this Schedule in respect of such Subloan; or

(b) the Subloan for such Subproject shall have been a free-limit Subloan for which the Bank has authorized withdrawals from the Loan Account and such expenditures shall have been made not earlier than ninety (90) days prior to the date on which the Bank shall have received the request and information required under paragraph 3(b) of this Schedule in respect of such free-limit Subloan. For the purposes of this Agreement, a free-limit Subloan shall be a Subloan for a Subproject in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of: (i) \$350,000 equivalent, when added to any other outstanding amounts financed or proposed to be financed out of the proceeds of the Loan or of any other loan, provided for in any outstanding loan agreement between the Bank and the Borrower entered into before the date of this Agreement, the proceeds of which have been or are being used for financing goods and services directly and materially related to such Subproject; or (ii) \$500,000 equivalent, when added to all other free-limit Subloans financed or proposed to be financed out of the proceeds of the Loan, the foregoing amounts being subject to change from time to time as determined by the Bank.

3. (a) When presenting a Subloan (other than a free-limit Subloan) to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with: (i) a description of the Rural Enterprise and an appraisal of the Subproject, including a description of the expenditures proposed to be financed out of the proceeds of the Loan and an environmental assessment based on environmental guidelines acceptable to the Bank; (ii) the proposed terms and conditions of the Subloan, including the schedule of amortization of the Subloan; and (iii) such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit Subloan shall contain: (i) a summary description of the Rural Enterprise and the Subproject, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; and (ii) the terms and conditions of the Subloan, including the schedule of amortization therefor.

(c) Applications and requests made pursuant to the provisions of subparagraphs (a) and (b) of this paragraph shall be presented to the Bank on or before June 30, 2001.

4. Subloans shall be made on terms whereby the Borrower shall obtain, by written contract with the Rural Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any Subloan the right to:

(a) require the Rural Enterprise to carry out and operate the Subproject with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards and practices, and to maintain adequate records;

(b) require that: (i) the goods and consultants' services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Agreement; and (ii) such goods and services shall be used exclusively in the carrying out of the Subproject;

(c) inspect, by itself or jointly with representatives of the Bank if the Bank shall so request, such goods and the sites, works, plants and construction included in the Subproject, the operation thereof, and any relevant records and documents;

(d) require that: (i) the Rural Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (ii) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Rural Enterprise to replace or repair such goods;

(e) obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Rural Enterprise and to the benefits to be derived from the Subproject; and

(f) suspend or terminate the right of the Rural Enterprise to the use of the proceeds of the Loan upon failure by such Rural Enterprise to perform its obligations under its contract with the Borrower.

#### SCHEDULE 6

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 to 4 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement, provided, however, that notwithstanding the provisions of paragraph 2(b) of Part D of Schedule 5 to this Agreement, payments for expenditures to be financed out of the proceeds of free-limit Subloans may be made out of the Special Account before the Bank shall have authorized withdrawals from the Loan Account in respect thereof. Such expenditures, however, shall qualify as eligible expenditures only if the Bank shall subsequently authorize such withdrawals; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,500,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$1,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$3,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant

to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6(a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including

the General Conditions.

