

CONFORMED COPY

TF 033731

Danish Grant Agreement

(Power and District Heating Rehabilitation Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Administrator of Grant Funds
provided by the Government of the
Kingdom of Denmark

Dated August 5, 1996

TF 033731

DANISH GRANT AGREEMENT

AGREEMENT, dated August 5, 1996 between the KYRGYZ REPUBLIC (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of grant funds provided by the GOVERNMENT OF THE KINGDOM OF DENMARK (DENMARK).

WHEREAS (A) pursuant to an agreement dated April 28, 1994, as amended, between Denmark and the International Bank for Reconstruction and Development (the Bank) and the Association, Denmark has requested the Bank and the Association, and the Bank and the Association have agreed to administer grant funds to be made available by Denmark for the financing of certain programs and projects supported by the Bank or the Association, as the case may be, in accordance with the provisions of such agreement; and

(B) Denmark has agreed to make available to the Recipient a grant out of said grant funds (the Grant) to finance the cost of the technical assistance described in Schedule 1 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 agreement between Denmark 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 1 to this Agreement;
 - (vii) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in Dollars; 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."; and
 - (viii) The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Recipient shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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.

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, the Grant in an amount of two hundred eighty thousand dollars (\$280,000).

Section 2.02. The Grant is made to finance 100% of expenditures for consultants' services in respect of the reasonable cost of carrying out the Technical Assistance to be financed out of the Grant, 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, 1997 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 Technical Assistance with due diligence and efficiency and in conformity with appropriate public power utility 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 Technical Assistance of the departments or agencies of the Recipient responsible for carrying out the Technical Assistance 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 (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 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 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:

The Minister of Finance
Erkindik Boulevard 58
Bishkek 720874
Kyrgyz Republic

Telex:

245169 ASKAR KH

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:

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.

KYRGYZ REPUBLIC

By /s/ Kemelbek Nanaev

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant

By /s/ Yukon Huang

Authorized Representative

SCHEDULE 1

Description of Technical Assistance

The objective of the Technical Assistance is to provide expert consultants' services to assist the Kyrgyz National Energy Holding Company (KNEHC) in preparing the District Heating Rehabilitation System component of a proposed Power and District Heating Rehabilitation Project of the Recipient.

The main tasks to be undertaken by the consultants (who will be appointed by KNEHC) include assisting in: (a) carrying out the detailed design and preparation of bidding documents; and (b) evaluating bids and negotiating the main contracts.

SCHEDULE 2

Consultants' Services

Employment of Consultants

In order to assist the Recipient in carrying out the Technical Assistance, the Recipient shall employ consultants, nationals of Denmark, 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 (the Consultant Guidelines).

