

## भाग ५

श्री ५ को सरकार

## कानून तथा न्याय मन्त्रालयको सूचना

श्री ५ को सरकार, नेपाल र स्वीस सरकारबीच सम्पन्न भएको Narayani III Irrigation Project सम्बन्धी सम्झौता सर्वसाधारणको जानकारीको लागि प्रकाशित गरिएको छ।

THE GOVERNMENT OF THE SWISS CONFEDERATION  
AND  
THE KINGDOM OF NEPAL

Having regard to the friendly relations between the two countries,  
Desirous to strengthen these relations through the furtherance of  
cooperation in the field of development,  
have agreed as follows :

**Article 1: Financial Cooperation**

1.1 The Government of the Swiss Confederation (hereinafter, referred to as Switzerland) agrees to grant fifteen million Swiss Francs (Sw. Fr. 15,000,000) (hereinafter referred to as the Swiss Contribution) to the Kingdom of Nepal (hereinafter referred to as Nepal) to assist in the financing of the Narayani III Irrigation Project (hereinafter referred to as the Project) described in Schedule 2 to the Development Credit Agreement entered into between the Kingdom of Nepal and International Development Association (hereinafter referred to as the Association) on November 14, 1986.

1.2 The Swiss Contribution is made in the framework of the financing plan for the Project agreed upon between Nepal, the Association and Switzerland, which is presented in the Annex 1 to this Agreement. The Swiss Contribution shall be used to finance the Project in accordance with the

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provisions of Article 2 and Schedule 1 to the Development Credit Agreement.

**Article 2: Administration of the Swiss Contribution**

In Agreement with Nepal, Switzerland has appointed the Association as Administrator of the Swiss Contribution and the Association has accepted such appointment. The respective obligations of Switzerland and the Association are defined in the Development Credit Agreement and in a letter of understanding to be entered into between the Association and Switzerland.

**Article 3: Execution of the Project**

The execution of the Project and the obligation of Nepal related thereto shall be governed mutatis mutandis by the provisions of the Development Credit Agreement.

**Article 4 : Account, withdrawal and Disbursement Procedures**

4.1 On entry into force of this Agreement, Switzerland shall open an account in the name of Nepal for the purpose of the Project. The account shall be credited by Switzerland of the amount of the Swiss Contribution in yearly instalments in accordance with the needs and the progress of the Project.

4.2 Switzerland shall ensure that the account will at all times contain funds adequate to meet all expenditures due for payment out of the Swiss Contribution. To this effect, the instalments referred to in para. 4.1. above, may be adjusted, if necessary, to meet actual disbursement requirements for the Projects.

4.3 The Association will be entitled to draw on the account on behalf of Nepal through the Swiss National Bank in Zuerich to meet all eligible expenditures to be financed out of the Swiss Contribution in accordance with the provisions of Art. 2 of the Development Credit Agreement and the provisions of the letter of understanding referred to in Article 2 above.

4.4 No withdrawal of the proceeds of the Swiss Contribution shall be made in respect of payment made for expenditures prior to the date of the Agreement.

- 4.5 The closing date for disbursement of the Swiss Contribution shall be June 30, 1994, or such later date as the Association shall establish, in consultation with Switzerland.

**Article 5: Consultations**

- 5.1 The Parties to this Agreement shall fully cooperate to ensure that the general objectives of the Project will be achieved. As and when the need arises, the Parties shall, at the request of either Party,

- exchange views through their representatives with regard to the performance of their respective obligations under this Agreement, the administration of the Project and the operations financed under the Project;
- provide to the other Party all such information as it shall reasonably request with regard to the execution of the Project and the operations financed under the Project.

- 5.2 The Parties shall promptly inform each other of any condition which interferes with, or threatens to interfere with the accomplishment of the purpose of the Project or the performance by either of them of their obligations under this Agreement.

- 5.3 The Parties shall take all other necessary steps to facilitate the smooth implementation of the Project.

**Article 6 : Amendments**

Amendments to this Agreement shall be effected by way of exchange of letters.

**Article 7 : Termination**

- 7.1 In the event of default by any one of the Parties in the fulfilment of any commitment or obligation under this Agreement or the Development Credit Agreement, the other Party may give notice to suspend the application of the Agreement, and, should the reason for the suspension continue beyond ninety days, may cancel the Agreement.

- 7.2 Nepal may, by notice to Switzerland, cancel any amount of the grant Nepal shall not have withdrawn.
- 7.3 Switzerland may, after consultation with Nepal, cancel those amounts of the grant which are not required for the implementation of the Project according to Schedule 2 of the Development Credit Agreement between Nepal and Association for the Project.
- 7.4 Subject to paragraphs 7.1 to 7.3 above, this Agreement shall terminate on December 31, 1995 or such later date as shall be decided by the Parties.

**Article 8 : Settlement of Disputes**

- 8.1 Disputes as to interpretation or application of the provisions of this Agreement which shall not have been settled in a satisfactory way by means of diplomatic negotiations within a period of three months shall, upon request of either Party, be submitted to an arbitral tribunal of three members. Each Party shall appoint an arbitrator. Those arbitrators shall appoint a third arbitrator as Chairman who shall be a national of a third state.
- 8.2 Subject to other provisions made by the Parties, the tribunal shall determine its procedures.
- 8.3 The decisions of the tribunal are conclusive and binding upon the Parties.

**Article 9: Entry into Force**

The Agreement will become effective :

- (a) when the Parties will have notified each other that all constitutional requirements for the entry into force of the Agreement have been fulfilled; and
- (b) when the Development Credit Agreement between Association and Nepal will have become effective.

**Article 10: Authorities**

The following authorities shall be responsible for the implementation of this Agreement:

For the Swiss Government:

Swiss Development Cooperation  
Federal Department of Foreign Affairs

Eigerstrasse 73  
3003 Berne/Switzerland  
Phone: 031 61'34'77  
Telex: 911 340 EDA CH  
Cable: AFFETRA

## For the Borrower:

Ministry of Finance  
His Majesty's Government  
Kathmandu / Nepal  
Cable Address: ARTHA, Kathmandu  
Nepal  
Telex: 2249

## For the Association:

International Development Association  
1818 H. Street, N. W.  
Washington, DC. 20433  
United States of America  
Cable Address: INDEVAS Washington, DC.  
Telex: 440098 (ITT)  
248423 (RCA) or 64145 (WUI)

Done in Kathmandu in two original copies in English.

FOR THE KINGDOM  
OF NEPAL

Sd/

(Lok Bahadur Shrestha)

Secretary

Ministry of Finance

Kathmandu, November 27, 1986

FOR THE GOVERNMENT  
OF THE SWISS CONFEDERATION

Sd/

(Jean Cuendet)

Ambassador to Nepal

## Annex 1

SHEDULE 1  
OF THE DEVELOPMENT CREDIT AGREEMENT  
Signed November 14, 1986

**Withdrawal of the Proceeds of the Credit**

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit and the Swiss Contribution, 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<br>Credit Allocated<br>(expressed in<br>SDR equivalent) | Amount of Swi-<br>ss Contribution<br>allocated (expre-<br>ssed in SFR<br>equivalent) | % of<br>Expenditure to<br>be financed                                                                                                                                    |
|-------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Civil Works                                                    | 15,880,000                                                            | —                                                                                    | 100 %                                                                                                                                                                    |
| 2) Equipment<br><br>and vehicles<br>incl. Work-<br>shop Equipment | 2,110,000                                                             | —                                                                                    | 100 % of foreign<br>expenditures,<br>100 % of local<br>expenditures(ex<br>factory cost)<br>and 70 % of<br>local expendi-<br>tures for other<br>items procured<br>locally |
| 3) Technical<br>Services:                                         |                                                                       |                                                                                      |                                                                                                                                                                          |
| a) Consultan-<br>cies                                             | —                                                                     | 7,000,000                                                                            | 100 %                                                                                                                                                                    |
| b) Training,<br>agricultural<br>research<br>and moni-             | 36,000                                                                | —                                                                                    | 100 %                                                                                                                                                                    |

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| Category                                                                                                                           | Amonut of the<br>Credit allocated<br>(expressed in SDR<br>equivalent) | Amount of Swi-<br>ss Contribution<br>allocated (expre<br>ssed in SFR<br>(equivalent) | % of<br>Expenditure to<br>be financed                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| toring and<br>evaluation                                                                                                           |                                                                       |                                                                                      |                                                                                                                                                                                                                                       |
| 4) Project Esta-<br>blishment                                                                                                      | —                                                                     | 4,800,000                                                                            | FY 1987: 90 %<br>FY 1988: 90 %<br>FY 1989: 90 %<br>FY 1990: 70 %<br>FY 1991: 70 %<br>FY 1992: 50 %                                                                                                                                    |
| and Operation<br>and Mainte-<br>nance costs of<br>the facilities<br>under the pro-<br>ject excluding<br>salaries and<br>allowances |                                                                       |                                                                                      |                                                                                                                                                                                                                                       |
| 5) Salaries and<br>allowances of<br>Project staff                                                                                  |                                                                       | 3,200,000                                                                            | FY 1987: 90 %<br>FY 1988: 90 %<br>FY 1989: 90 %<br>FY 1990: 70 %<br>FY 1991: 70 %<br>FY 1992: 50 %<br>FY 1993: 25 %<br>(Representing<br>in the Aggregate<br>about 85 % of<br>salaries and allo-<br>wances of incre-<br>mental staff). |
| 6) Unallocated                                                                                                                     | 3,250,000                                                             |                                                                                      |                                                                                                                                                                                                                                       |
| TOTAL                                                                                                                              | 21,600,000                                                            | 15,000,000                                                                           |                                                                                                                                                                                                                                       |

## 2. For the purposes of this Schedule:

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

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- c) the acronym "FY" means the Borrower's fiscal year;
- d) the term "incremental staff" means the Borrower's additional staff retained after the date of this Agreement for purposes of carrying out the investment and operation and maintenance work under the Project, and
- e) the term "Project Establishment" means the engineering and administration costs incurred by the Borrower's Project Staff for purposes of carrying out the Project, excluding expenditures incurred in the operation and maintenance of the irrigation schemes and related facilities under the Project.
3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

आज्ञाले,  
उदय नेपाली श्रेष्ठ  
उपसचिव

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श्री ५ को सरकारको छापाखाना, सिंहदरबार, काठमाडौंमा मुद्रित ।

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