

AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA
AND GEORGIA
REGARDING THE CONSOLIDATION AND RESCHEDULING OF
CERTAIN DEBTS OWED TO
THE UNITED STATES GOVERNMENT

The United States of America (the "United States") and Georgia agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of Georgia, signed at Paris on March 6, 2001 (hereinafter referred to as the "Minute"), by representatives of certain nations, including the United States (hereinafter referred to as the "Participating Creditor Countries"), and by the representative of Georgia, and in accordance with the applicable domestic laws of the United States and Georgia, the United States and Georgia agree to consolidate and reschedule certain Georgian payments with respect to debts which are owed to the United States Government, as provided for in this Agreement.
2. This Agreement will be further implemented by a separate agreement ("the Implementing Agreement") between Georgia and the United States with respect to PL-480 agreements, which are administered by the United States Department of Agriculture.

ARTICLE II

Definitions

1. "Contracts" means PL-480 credits which had original maturities of more than one year and which were extended to Georgia pursuant to an agreement or other financial arrangement concluded before November 1, 1999.

A table listing the relevant Contracts to be included under this rescheduling is attached hereto as Annex A.

Debt service due as a result of debts described above and effected through special payments mechanisms or other external accounts is covered by this Agreement.

It is understood that payments due under lease rentals are excluded from the present reorganization.

2. "Consolidation Period" means (i) the period January 1, 2001 through December 31, 2001, inclusive; and (ii) if the conditions set forth in Article IV, Paragraph 2 of this Agreement are satisfied, the period from January 1, 2001 through December 31, 2002, inclusive.
3. "Consolidated Debt" means 100 percent of the amounts of principal falling due during the applicable Consolidation Period with respect to the Contracts specified in Paragraph 1 of this Article.
4. "Interest" means interest payable on Consolidated Debt in accordance with the terms of this Agreement. Interest shall accrue at the rates set forth in this Agreement beginning on the due dates specified in each of the Contracts for the payments of principal comprising the Consolidated Debt.
5. "Additional Interest" means interest accruing at the rates set forth in this Agreement and the Implementing Agreement on due but unpaid installments of Consolidated Debt and Interest beginning on the respective due dates for such installments as established by this Agreement and continuing to accrue until such amounts are repaid in full.

ARTICLE III

Terms and Conditions of Payment

1. Georgia agrees to repay the Consolidated Debt in United States dollars in accordance with the following terms and conditions:

- (a) The Consolidated Debt shall be repaid in twenty (20) equal and consecutive semi-annual installments payable on June 30 and December 31 of each year, commencing on June 30, 2012, and ending on December 31, 2021.

- (b) The rate of Interest on Consolidated Debt shall be fixed at 1.5 percent per year.

- (c) Interest with respect to Consolidated Debt will be paid on June 30 and December 31 of each year, commencing on December 31, 2002.

A table summarizing the amount of Consolidated Debt owed to the United States if the Consolidation Period covers the period from January 1, 2001 through December 31, 2001, inclusive, is attached hereto as Annex B1. A table summarizing the amount of Consolidated Debt owed to the United States if the Consolidation Period covers the period from January 1, 2001 through December 31, 2002, inclusive, is attached hereto as Annex B2.

2. Consistent with Article V, Paragraph 2 of this Agreement, amounts of Consolidated Debt may be modified by mutual consent.

ARTICLE IV

General Provisions

1. The Consolidation Period is the period from January 1, 2001 through December 31, 2001, inclusive, provided that Georgia continues to have an appropriate arrangement with the International Monetary Fund (IMF).
2. The Consolidation Period will be extended to cover the period January 1, 2001 through December 31, 2002, if (a) the IMF Executive Board has completed before December 31, 2001 the review for the second year of the arrangement under the Poverty Reduction and Growth Facility with Georgia, and (b) Georgia has made all payments due under this Agreement and any other bilateral agreements that implement the Minute. The longer Consolidation Period will be effective on the date the Paris Club notifies Georgia that the conditions in sections (a) and (b) of this paragraph have been met. If the above conditions are not met, all amounts, which are due and payable under the Contracts on or after January 1, 2002, shall be payable according to the terms of such Contracts.
3. Georgia agrees to grant the United States treatment and terms no less favorable than that which it has accorded, or which it may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities.
4. Georgia will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable in net present value to those set forth in the Minute for credits of comparable maturities making sure to avoid unequal treatment among different categories of creditors.
5. Georgia agrees to pay all Consolidated Debt, Interest, and Additional Interest, if any, to the United States, in United States dollars, without any deductions for taxes, fees or other charges or any other costs accruing inside or outside Georgia.
6. Georgia agrees to pay all debt service due and not paid as of March 6, 2001, which is owed to, guaranteed by, or insured by, the United States, but which is not covered by this Agreement as soon as possible but no later than December 31, 2001. Late interest will be charged on these amounts in accordance with the terms of the respective agreements.
7. Georgia agrees to continue to allow unrestricted and immediate access to the foreign exchange required for servicing private sector debts owed to, guaranteed by or insured by the United States.
8. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement, or the subsequent Implementing Agreement.

ARTICLE V

Suspension or Termination

1. Consistent with the terms of the Minute, the United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Georgia.
2. This Agreement may be amended or modified by mutual consent of the United States and Georgia.

ARTICLE VI

Entry Into Force

This Agreement shall enter into force upon an exchange of written notification indicating that the parties have satisfy their respective domestic legal procedures for entry into force of the Agreement.

Done at Tbilisi, Georgia, in the English language, this 6th day of March, 2002.

FOR THE UNITED STATES OF
AMERICA :



Philip N Remler
Chargé d'affaires a.i.

FOR GEORGIA:



Zurab Noghaidei
Minister of Finance

Annex A
Contracts Subject to Rescheduling

PL-480
Agreements Dated

6/3/97

Annex B1
Summary of Consolidated Debt
(thousands of US\$)

PL-480 \$0

TOTAL \$0

Annex B2
Summary of Consolidated Debt
(thousands of US\$)

PL-480 \$766

TOTAL \$766