

**No. 30603**

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**ESTONIA  
and  
SWITZERLAND**

**Agreement on the granting of financial assistance (with  
annex). Signed at Tallinn on 14 December 1992**

*Authentic text: English.*

*Registered by Estonia on 10 December 1993.*

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**ESTONIE  
et  
SUISSE**

**Accord relatif à l'octroi d'une aide financière (avec annexe).  
Signé à Tallinn le 14 décembre 1992**

*Texte authentique : anglais.*

*Enregistré par l'Estonie le 10 décembre 1993.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE REPUBLIC  
OF ESTONIA AND THE GOVERNMENT OF THE SWISS CON-  
FEDERATION ON THE GRANTING OF FINANCIAL ASSIST-  
ANCE

The Government of the Republic of Estonia and the Government of  
the Swiss Confederation,

Having regard to the friendly relations between the two  
countries,

Desirous of strengthening these relations and the fruitful  
cooperation between the two countries,

Intending to promote further the on-going democratization process  
in Estonia,

Have agreed as follows:

Article 1

Definitions

In this Agreement, unless the context otherwise requires, the  
following terms shall have the following meanings:

- a. "Estonian Government" means Government of the Republic  
of Estonia;
- b. "Swiss Government" means Government of the Swiss  
Confederation;
- c. "Contribution" means the contribution granted by the  
Swiss Confederation under this Agreement;
- d. "Contracting Parties" means the Estonian Government  
and the Swiss Government;
- e. "Closing Date" means the last day on which the  
Estonian Government can submit a proposal to the Swiss  
Government.

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<sup>1</sup> Came into force on 14 December 1992 by signature, in accordance with article 12 (1).

## Article 2

### Objective of the Contribution

The objective of the Contribution is to support the transition to a market economy in Estonia and to mitigate the economic and social cost of adjustment.

## Article 3

### Amount and Utilization of the Contribution

- 3.1. The Swiss Government agrees to make a non-reimbursable Contribution to the Estonian Government to finance the foreign currency costs of imports of goods and services for priority projects, including freight and other services associated with the supply of goods. The Contribution will be made on a project to project basis. By mutual agreement between the Contracting Parties, a certain percentage of the Contribution can be used to finance local costs and technical assistance necessary for the successful implementation of the projects financed by the Swiss Government.
- 3.2. The Contribution shall be utilized for priority infrastructure and rehabilitation projects. Particular emphasis is to be given to projects in the social, health care, environment and infrastructure sectors and to projects favouring the development of the emerging private sector of the economy.
- 3.3. No proceeds of the Contribution shall be used for the payment of any duties and taxes (import duties, levies and fees of any kind) imposed under the law of the Republic of Estonia.

## Article 4

### Conditions of the Contribution

- 4.1. To the extent that local counterpart funds (in local currency) are generated through importers' payments for Swiss goods and services, the Estonian Government shall use these funds to finance projects mutually agreed upon in the sectors such as social protection and export promotion.

- 4.2. The terms of the Contribution shall be passed on to the end user according to the standard relending terms of the Estonian Government or other terms to be mutually agreed upon, by the Contracting Parties and taking into account the nature of the project. The onlending terms shall not be less favourable than the terms offered under similar external financing agreements.

## Article 5

### Accounts

- 5.1. Upon entry into force of this Agreement, the Swiss Government shall open an account with the Swiss National Bank for the Contribution in the name of the Estonian Government.
- 5.2. The Swiss Government shall credit this account with the amount necessary for the Swiss National Bank to effect the payments due under this Agreement.
- 5.3. The Estonian Government shall open a special account with the Eesti Sotsiaalpank in Tallinn entitled "Swiss Financial Assistance" for the importers' payments in local currency of counterpart funds after the signing of this Agreement.

## Article 6

### Administration of the Contribution

- 6.1. The Estonian Government shall furnish to the Swiss Government all such relevant information as the Swiss government shall reasonably request, in particular the information indicated in Annex I. Information on the current status of utilization should be provided every 12 months to the Swiss authorities.
- 6.2. The Estonian Government shall take or cause to be taken all actions, including the provision of facilities, services and other measures, necessary or appropriate, for carrying out the present Agreement.
- 6.3. The Estonian Government shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Contribution, as well as the local currency counterpart funds mentioned under Article 5.3., and to disclose the use and beneficiaries thereof.

- 6.4. The Estonian Government shall maintain separate accounts for the present Agreement and have such accounts controlled and certified. The institution executing such control and certification shall be determined by mutual agreement of the Contracting Parties.
- 6.5. The Estonian Government and the Swiss Government shall exchange views at regular intervals on the progress of the projects financed under the present Agreement during and their implementation.
- 6.6. The Estonian Government shall after the final disbursement for the individual transactions, and upon final disbursement of all transactions, furnish to the Swiss Government a report of such scope and such detail as the Swiss Government shall reasonably request, on the execution of the projects and the accomplishment of the purpose of the projects, including a certified financial statement on the use of the proceeds of the Contribution. These reports should in particular contain updated information according to Annex I.

#### Article 7

##### Cancellation, Suspension, Termination

- 7.1. The Estonian Government may by written notice to the Swiss Government cancel any amount of the Contribution which it shall not have withdrawn by the closing date, as defined in Article 12.2.
- 7.2. In the event of default by the Estonian Government in the fulfilment of any commitment or obligation under the present Agreement, the Swiss Government may suspend in whole or in part, the right of the Estonian Government to make withdrawals from the Contribution account and/or, upon 10 days notice to Estonia, cancel the balance of the Contribution.

#### Article 8

##### Settlement of Disputes

- 8.1. Disputes as to the interpretation or application of the provisions of the present Agreement which shall not have been settled in a satisfactory way by means of diplomatic negotiations within a period of 3 months shall, upon request of either Contracting Party, be submitted to an

arbitral tribunal of three members. The Contracting Parties shall jointly appoint an arbitrator as Chairman who shall be a national of a third country.

- 8.2. If either Contracting Party has not appointed the arbitrator and has not followed the invitation of the other Contracting Party to make the appointment within one month, the arbitrator shall be appointed upon the request of the Contracting Party by the President of the International Court of Justice.
- 8.3. If both arbitrators cannot come to an agreement about the choice of a third arbitrator (Chairman) within two months after their appointment, the latter shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice.
- 8.4. If in the cases specified under provisions 2 and 3, the President of the International Court of Justice is prevented from carrying out the said function, or if he is a national of either Contracting Party, the appointment shall be made by the Vice-President, and if the latter is prevented, or if he is a national of either Contracting Party, the appointment shall be made by the next senior judge in Court who is not a national of either Contracting Party.
- 8.5. Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.
- 8.6. The decisions of the tribunal will be binding for each Contracting Party.

#### Article 9

##### Authorities in Charge of the Application of the Agreement

The following authorities shall be responsible for the application of the Agreement:

- a. On the Swiss side:  
Federal Office for Foreign Economic Affairs  
Bundeshaus Ost  
3003 Bern  
Telex 911 340 eda ch  
Fax 31/264069  
Tel 31/612318
- b. On the Estonian side:  
Ministry of Finance  
Kohtu 8  
EE0100 Tallinn  
Fax 45 29 92  
Tel 44 33 46

## Article 10

## Amendments to the Agreement

Amendments to the present Agreement shall be effected by way of exchange of letters between the Contracting Parties.

## Article 11

## Annex

Annex I constitutes an integral part of this Agreement.

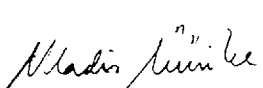
## Article 12

## Entry into Force and Closing Date


- 12.1. The present Agreement shall come into force at the date of signature.
- 12.2. The closing date of the present Agreement shall be 2 years after the date of signature or such later date as shall be agreed upon by the Contracting Parties.

DONE at Tallinn on the 14th of December 1992 in two original copies in English.

For the Government  
of the Republic of Estonia:

 <sup>1</sup>

For the Government  
of the Swiss Confederation:

 <sup>2</sup>

<sup>1</sup> M. Üürke.

<sup>2</sup> O. Uhl.

## ANNEX I

## PROCEDURES AND INFORMATION REQUIREMENTS FOR THE SELECTION AND APPROVAL OF PROJECTS (AND PROGRAMMES) WHICH MAY BE FINANCED UNDER THE PRESENT AGREEMENT

In the discussions leading to the conclusion of the present Agreement both Contracting Parties reached an understanding regarding the procedures of the selection and approval of the projects (and programmes) which may be financed under the Contribution as mentioned in the present Agreement.

## 1. Information Requirements

All applications shall be channelled, through the Swiss Embassy in Helsinki, to the Federal Office for Foreign Economic Affairs and shall contain all necessary information to allow a thorough evaluation of the financing proposals as to their economic, technical, financial, social and ecological impact.

Project applications should therefore include detailed information on inter alia:

- the nature of goods and services to be imported;
- the contribution of these goods and services to the implementation of the overall project/programme: exact scope and objectives of the overall project/programme;
- the economic, technical, financial, social and ecological (depending on which ones are relevant) feasibility of the project/programme, paying particular attention to its impact on the final beneficiaries;
- the contract prize and procurement procedures followed by the importer;
- the capacity of the executing agency to implement the project/programme and the provisions taken for the maintenance of services after the completion of the project/programme.

Relevant preparatory studies and appraisal reports of projects should be made available to the Swiss Authorities at the earliest possible time, but at the latest at the time of the financing request. This procedure should permit both Contracting Parties to reach an agreement in principle before the final contract is signed.

## 2. Appraisal, Approval and Evaluation Proposals

Before giving final approval, the Swiss Government may conduct a field mission in Estonia to appraise the proposed project.



Upon project completion the Estonian Authorities shall submit to the Swiss Authorities a project completion report. The content of such completion reports shall be determined for each project by mutual agreement.

The Swiss Authorities may send an expert mission to Estonia to evaluate the individual projects and/or the execution of the Swiss financial assistance programme.

### 3. Administrative Procedure

The Ministry of Finance of Estonia will forward financing requests to the Federal Office for Foreign Economic Affairs via the Swiss Embassy in Helsinki which will also transmit the Swiss approval. Copy of this approval, as well as of the below-mentioned documents, will be provided by the Federal Office for Economic Affairs to the Swiss National Bank.

Other than the documents specified under point 1 of Annex I, financing requests must include proforma bills or delivery contracts (FOB, CFR or CIF prices).

Financial assistance may be put into effect based on either direct payment or letter of credit. In the latter case, fees will be charged to the Swiss side. The chosen means of payment must be indicated on the proforma bills or delivery contracts. The Estonian Social Bank will dispatch direct payment orders to the Swiss National Bank with reference to the above-mentioned approval of the Swiss authorities.

In case of payment by letter of credit, the importer will - as is customary - open a letter of credit with the Swiss National Bank via the Estonian Social Bank with reference to the above-mentioned and approved proforma bills and delivery contracts. This will be effected once the importer has been informed by the Ministry of Finance of Estonia of the Swiss Government's approval to provide financial assistance. The Swiss National Bank will pay the supplier upon presentation of the documents specified in the letter of credit.

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