

HIPC Grant No. HIPC-006-GY

HIPC DI
DEBT RELIEF AGREEMENT

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Dated 18 October 2000

HIPC DI DEBT RELIEF AGREEMENT

AGREEMENT, dated 18 October 2000, between the CO-OPERATIVE REPUBLIC OF GUYANA (hereinafter called "the Beneficiary") and the INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (hereinafter called "the Fund").

WHEREAS:

(A) pursuant to an initiative of the international community to reduce the debt burden of heavily indebted poor countries (hereinafter called "HIPCs") to sustainable levels (hereinafter called the "HIPC Debt Initiative" or "HIPC DI"), the Fund has decided to reduce the debt burden of Member States declared eligible under the HIPC DI, through a Debt Relief Grant relative to the debt owed by each such Member State to the Fund;

(B) the International Development Association (hereinafter called "IDA") and the International Monetary Fund (hereinafter called "IMF") have provided assurances satisfactory to the Fund that they will take action to reduce the Beneficiary's debt obligations in the context of the Debt Relief Programme (as hereinafter defined) established for the Beneficiary by the contributing donors thereto, if the Beneficiary fulfils the agreed conditions for the provision of debt relief under the HIPC DI by the Completion Date (as defined herein); and

(C) the Fund has, on 10 September 1998, approved the participation of the Fund in the provision of debt relief under the HIPC DI to the Beneficiary upon its fulfilment of the agreed conditions for the provision of debt relief under the HIPC DI and has agreed to provide debt relief through the Fund's Heavily Indebted Poor Countries Debt Initiative Trust Fund (hereinafter called "the IFAD HIPC DI Trust Fund") on debt owed by the Beneficiary to the Fund through:

- (1) a grant (hereinafter called the "IFAD HIPC DI Trust Fund Grant") in an amount up to an aggregate value of eight hundred and five thousand nine hundred and ninety-two Special Drawing Rights (SDR 805 992) (nominal value), equivalent to six hundred and thirty thousand Special Drawing Rights (SDR 630 000) (NPV) in support of the Fund's Debt Relief Package for the Beneficiary, which provides debt relief under the HIPC DI; and
- (2) the payment by the IFAD HIPC DI Trust Fund of debt service due on the Identified and Unidentified Debt (as herein defined) as such debt falls due, but only on condition that the Beneficiary agrees to undertake the obligations set forth in this Agreement.

NOW THEREFORE the Parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meaning:

- (a) "Completion Date" means 13 May 1999;

- (b) "Debt Relief Package" means the events and conditions, and decision of the Fund, set forth in paragraph (c) of the Preamble to this Agreement;
- (c) "Debt Relief Programme" means the debt relief programme for the Beneficiary described in the DSA;
- (d) "Decision Point" means 23 December 1997;
- (e) "DSA" means the debt sustainability analysis carried out by IDA and the IMF together with the Beneficiary, prior to the Decision Point, in order to assess whether assistance is needed under the HIPC Debt Initiative to ensure debt sustainability and, if so, the project amount of debt relief required to attain debt sustainability at the Completion Date;
- (f) "Grant Account" means the account opened by the Fund on the books of the IFAD HIPC DI Trust Fund and referred to in Section 2.01 of this Agreement;
- (g) "Identified Debt" means the debt listed in Schedule 2, Part A, to this Agreement that is owed by the Beneficiary to the Fund and in respect to which debt relief is to be provided pursuant to this Agreement;
- (h) "Loan" means each loan from the Fund to the Beneficiary as set forth in Schedule 2 hereto;
- (h) "Nominal Value" means the amount of interest and/or principal payable by the Beneficiary to the Fund on the due dates as established in each relevant Loan Agreement between the Beneficiary and the Fund;
- (i) "NPV" means net present value;
- (j) "SDR" means the Special Drawing Right as valued by the International Monetary Fund in accordance with its Articles of Agreement; and
- (k) "Unidentified Debt" means the debt listed in Schedule 2, Part B, to this Agreement that is owed by the Beneficiary to the Fund and in respect to which debt relief may be provided pursuant to this Agreement.

ARTICLE II

Provision of Debt Relief

Section 2.01. (a) The Fund agrees to set aside in the IFAD HIPC DI Trust Fund an account with the resources required to provide a grant (hereinafter called the "Grant Account") on the terms and conditions set forth or referred to in this Agreement, in an amount equivalent to eight hundred and five thousand nine hundred and ninety-two Special Drawing Rights (SDR 805 992) (the IFAD HIPC DI Trust Fund Grant), and to withdraw therefrom such sums as shall be required to pay the debt service amounts on the Identified Debt and the Unidentified Debt in accordance with the terms of this Agreement and Schedules 1 and 2 hereto.

(b) The Fund shall invest and reinvest the amount in the Grant Account, in the name of the Beneficiary, of the IFAD HIPC DI Trust Fund pending withdrawal from the Grant Account. All the income earned therefrom shall be transferred to the general account of the IFAD HIPC DI Trust Fund and shall not constitute a part of the IFAD HIPC DI Trust Fund Grant.

Section 2.02. The Fund shall credit the amount of the IFAD HIPC DI Trust Fund Grant to the Grant Account as of the Completion Date. Such amount may be withdrawn from the Grant Account on or after 1 October 1999, after the conditions specified in Sections 3.01 and 3.02 of this Agreement shall have been fulfilled, and in accordance with the provisions of Schedule 1 to this Agreement.

Section 2.03. Except as stated in this Agreement, the Beneficiary shall not have any rights with respect to the IFAD HIPC DI Trust Fund Grant, and the Fund shall not have any obligations with respect thereto. The Fund does not assume any fiduciary obligation to, or relationship of agency or trust for or with, the Beneficiary, or assume any liability to the Beneficiary or any other person or entity for any action taken or omitted to be taken by it, except for the performance of its express obligations set forth in this Agreement. Nothing in this Section is intended, nor shall be construed, as a waiver of any privileges or immunities of the Fund.

Section 2.04. The Fund shall be under no obligation to provide debt relief under this Agreement, except to the extent that IFAD HIPC DI Trust Fund Grant funds are available under the IFAD HIPC DI Trust Fund for this purpose and the conditions precedent to the release thereof have been fulfilled.

ARTICLE III

Conditions Precedent to Provision of Debt Relief and Release of IFAD HIPC DI Trust Fund Grant

Section 3.01. The obligations of the Fund under this Agreement are subject to the fulfilment of each of the following conditions precedent to the satisfaction of the Fund:

- (a) the Fund shall have received evidence satisfactory to it that this Agreement has been duly authorised or ratified by the Beneficiary, has been duly executed and delivered by the Beneficiary, and is legally binding upon the Beneficiary in accordance with its terms; and
- (b) the Fund shall have received evidence satisfactory to it that the execution and delivery by the Beneficiary of this Agreement, and the performance by the Beneficiary of its obligations hereunder, do not and will not conflict with or result in a breach of: (i) the terms or provisions of, or constitute a default under, any agreement or instrument to which the Beneficiary is a Party; or (ii) any law or statute, or any order or regulation applicable to the Beneficiary or any court, government agency, authority or body or arbitrator having jurisdiction over the Beneficiary.

Section 3.02. As part of the evidence to be furnished pursuant to Section 3.01, the Beneficiary shall furnish to the Fund an opinion or opinions satisfactory to the Fund of counsel acceptable to the Fund on the matters described in Section 3.01 (a) and 3.01 (b) of this Agreement.

ARTICLE IV

Cooperation and Information; Undertakings; Annual Review

Section 4.01. The Beneficiary and the Fund shall cooperate fully to ensure that the purposes of this Agreement will be accomplished. To that end, the Beneficiary and the Fund shall:

- (i) from time to time, at the request of any one of them, exchange views with regard to the performance of their respective obligations under this Agreement, and furnish to the other Party all such information related thereto as that other Party shall reasonably request; and
- (ii) promptly inform one another of any condition which interferes with, or threatens to interfere with, the matters referred to in sub-paragraph (i) of this paragraph.

ARTICLE V

Suspension; Cancellation

Section 5.01. (a) If any of the following events shall have occurred and be continuing, the Fund may, by notice to the Beneficiary, suspend in whole or in part the rights of the Beneficiary and the obligations of the Fund under this Agreement:

- (i) the Beneficiary shall have failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Fund under any loan or guarantee or subordinate agreement between the Beneficiary and the Fund, or the Fund and any third party pursuant to the aforesaid agreements;
- (ii) the Beneficiary shall have failed to perform any of its obligations under this Agreement;
- (iii) either: (i) the Fund shall have suspended in whole or in part the right of the Beneficiary to make withdrawals under any loan agreement with the Fund because of a failure by the Beneficiary to perform any of its obligations under such agreement, or (ii) the Fund shall have suspended in whole or in part the right of any borrower to make withdrawals under any agreement with the Fund guaranteed by the Beneficiary because of a failure by such borrower to perform any of its obligations under such agreement;
- (iv) any representation made by the Beneficiary, in or pursuant to this Agreement, or in connection therewith, and intended to be relied upon by the Fund in performing its obligations under this Agreement, shall have been incorrect in any material respect;
- (v) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Beneficiary will be able to fulfil the conditions for the provision of debt relief to it under the HIPC DI or that the Debt Relief Programme can be carried out;

- (vi) the Beneficiary shall have been suspended from Membership in or ceased to be a Member of the Fund; or
- (vii) any other donor or group of donors shall have taken any remedial action against the Beneficiary pursuant to it/their respective agreements with the Beneficiary under the HIPC DI.

(b) The rights of the Beneficiary and the obligations of the Fund under this Agreement shall continue to be suspended until the event or events which gave rise to suspension shall have ceased to exist, unless the Fund shall have notified the Beneficiary that such rights and obligations have been restored.

Section 5.02. If the rights of the Beneficiary and the obligations of the Fund shall have been suspended for a continuous period of thirty days, the Fund may, by notice to the Beneficiary, terminate the rights of the Beneficiary and the obligations of the Fund under this Agreement. Upon the giving of such notice, the IFAD HIPC DI Trust Fund Grant shall be cancelled and all rights of the Beneficiary and obligations of the Fund under this Agreement shall cease to exist.

ARTICLE VI

Enforceability of Agreement; Failure to Exercise Rights; Arbitration

Section 6.01. The rights and obligations of the Beneficiary and the Fund under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political sub-division thereof to the contrary. Neither the Beneficiary nor the Fund shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Agreement Establishing the Fund.

Section 6.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either Party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such Party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such Party in respect of any other or subsequent default.

Section 6.03. (a) Any controversy between the Parties to this Agreement, and any claim by either such Party against the other arising under this Agreement which has not been settled by agreement of the Parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The Parties to such arbitration shall be the Beneficiary and the Fund.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Beneficiary, a second arbitrator shall be appointed by the Fund, and the third arbitrator (hereinafter sometimes called "the Umpire") shall be appointed by agreement of the Parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by the said President, by the Secretary-General of the United Nations. If either of the Parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment

of the original arbitrator, and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the Party instituting such proceeding to the other Party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the Party instituting such proceeding. Within thirty days after such notice, the other Party shall notify to the Party instituting such proceeding the name of the arbitrator appointed by such other Party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the Parties shall not have agreed upon an Umpire, either Party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the Parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all Parties a fair hearing and shall render its award in writing. Such award may be rendered by default of a Party to participate. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each Party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the Parties to this Agreement. Each Party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The Parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the Parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each Party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the Parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions of arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the Parties to this Agreement or of any claim by either Party against the other Party arising hereunder.

(k) The Fund shall not be entitled to enter judgement against the Beneficiary upon the award, to enforce the award against the Beneficiary by execution or to pursue any other remedy against the Beneficiary for the enforcement of the award, except as such procedure may be available against the Beneficiary otherwise than by reason of the provisions of this Section. If, within sixty days after counterparts of the award shall have been delivered to the Parties, the award shall not be complied with by the Fund, the Beneficiary may take any such action for the enforcement of the award against the Fund.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section shall be made in the manner provided in Section 8.01 of this Agreement. The Parties to this Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Effective Date; Duration and Termination

Section 7.01. This Agreement shall become effective upon its execution by the Parties.

Section 7.02. Without prejudice to the provisions of Section 5.02 of this Agreement, this Agreement shall continue in full force and effect until the IFAD HIPC DI Trust Fund Grant has been fully disbursed and the Parties to this Agreement have fulfilled all their obligations thereunder.

ARTICLE VIII

Notices and Addresses

Section 8.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement among the Parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, facsimile, telegram, cable, or telex to the Party to which it is required or permitted to be given or made at such Party's address hereinafter specified or at such other address as such Party shall have designated by notice to the Party giving such notice or making such request. The addresses so specified are:

For the Beneficiary:

Ministry of Finance
Main and Urquhart Streets
Georgetown, Guyana

Facsimile Number: +(592) 2 61284

For the Fund:

International Fund for Agricultural Development
Via del Serafico, 107
00142 Rome, Italy

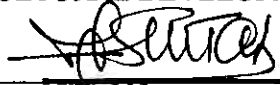
Cable Address: IFADROME
Telex Number: 620330 IFAD-1
Facsimile Number: +(3906) 5043463

IN WITNESS WHEREOF, the Parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names and delivered at the Headquarters of the Fund in Rome, Italy, as of the day and year first above written.

CO-OPERATIVE REPUBLIC OF GUYANA


Authorized Representative

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT


President

SCHEDULE 1

Withdrawal of the Proceeds of the IFAD HIPC DI Trust Fund Grant

1. The proceeds of the IFAD HIPC DI Trust Fund Grant may be withdrawn from the Grant Account to pay to the Fund the debt service amount on the Identified Debt and Unidentified Debt as debt service on the Identified Debt and Unidentified Debt falls due, and in accordance with Schedule 2 of this Agreement. The IFAD HIPC DI Trust Fund Grant proceeds shall be applied in accordance with the following rules: (a) service charges/interest shall be credited before amounts repayable on the principal of the Loans; (b) Identified Debt shall be applied before Unidentified Debt; and (c) Loans shall be applied in order of signature, with the earliest Loan having priority over the latest. The proceeds of the IFAD HIPC DI Trust Fund Grant shall remain available for withdrawal until the SDR nominal value of the IFAD HIPC DI Trust Fund Grant has been met.

2. Except as the Beneficiary and the Fund shall otherwise agree, payments made from the IFAD HIPC DI Trust Fund Grant pursuant to paragraph 1 of this Schedule shall be made in the currency or currencies of repayment stipulated in the respective Loan Agreements specified in Schedule 2 to this Agreement. The value of such currency against the SDR shall be determined using the IMF exchange rate prevailing at value date of the payment.

SCHEDULE 2

Allocation of Resources of IFAD HIPC DI Trust Fund Grant

(a) Identified Debt

CO-OPERATIVE REPUBLIC OF GUYANA: Loans for which Debt Relief is to be provided through the IFAD HIPC DI Trust Fund in Nominal SDR 805 992

Disbursements from the Grant Account shall be used to pay to the Fund the principal and service charge amounts falling due on or after 1 October 1999 under the Loans specified below until the IFAD HIPC DI Trust Fund Grant shall have been exhausted, as follows:

Loan No.	Name of Project/Programme
190-GY 436-GY	East Bank Essequibo Development Project Poor Rural Communities Support Services Project

(b) Unidentified Debt

The IFAD HIPC DI Trust Fund shall, to the extent that funds remain available in the Grant Account, be used to pay to the Fund all principal and service charges falling due under Loans from the Fund to the Beneficiary that are not included in the Identified Debt in paragraph (a) above.