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**DEBT RELIEF AGREEMENT**  
(HIPC Debt Initiative)

Among

**THE GOVERNMENT OF THE CO-OPERATIVE REPUBLIC OF GUYANA**

and

**THE BANK OF GUYANA**

and

**THE BOARD OF DIRECTORS OF  
THE CARICOM MULTILATERAL CLEARING FACILITY**

and

**THE CENTRAL BANK OF TRINIDAD AND TOBAGO**  
As Agent

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**THE BOARD OF DIRECTORS OF  
THE CARICOM MULTILATERAL CLEARING FACILITY**

**and**

**THE CENTRAL BANK OF TRINIDAD AND TOBAGO  
(as Agent)**

THIS AGREEMENT is made on the Fourteenth (14th) day of May 1999, among the GOVERNMENT OF THE CO-OPERATIVE REPUBLIC OF GUYANA, acting through the Minister of Finance, Ministry of Finance, Main and Urquhart Streets, Georgetown, County of Demerara, Co-operative Republic of Guyana (hereinafter referred to as the "Beneficiary Country") of the First Part, the BANK OF GUYANA, a central bank established under the Bank of Guyana Act, No. 19 of 1998, and whose offices are situated at No.1 Avenue of The Republic, Georgetown, Guyana, (hereinafter referred to as the "Debtor Participant") of the Second Part, the BOARD OF DIRECTORS OF THE CARICOM MULTILATERAL CLEARING FACILITY (hereinafter referred to as the "Board") of the Third Part, and the CENTRAL BANK OF TRINIDAD AND TOBAGO, a body corporate established under the Central Bank Act, Chap. 79:02 of the Laws of the Republic of Trinidad and Tobago with its head office at Independence Square, Port-of-Spain, Trinidad, Republic of Trinidad and Tobago (hereinafter referred to as the "Agent") of the Fourth Part.

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## WHEREAS:

- (A) By an Agreement dated March 4, 1977, the Central Bank of Barbados, the Monetary Authority of Belize, (now called the Central Bank of Belize) the Eastern Caribbean Currency Authority (now called the Eastern Caribbean Central Bank), the Bank of Guyana, the Bank of Jamaica and the Central Bank of Trinidad and Tobago (collectively referred to as the "Participants") established the Caricom Multilateral Clearing Facility ("Creditor Facility") with effect on June 16, 1977, to *inter alia*, facilitate settlement on a multilateral basis, of payments of eligible transactions among the countries of the Participants;
- (B) Authority for the operation of the Creditor Facility is vested in the Board and the Board has appointed the Agent as agent to provide the necessary services for the day to day management and operations of the Creditor Facility;
- (C) The Board had agreed ("1989 Agreement") to consolidate and reschedule the debt of the Debtor Participant to the Creditor Facility and creditor Participants with effect from September 30, 1989, repayable over a period of twenty (20) years with a moratorium of ten (10) years on the principal, until 1999; interest payments at the rate of 5% per annum commencing on April 1, 1990;
- (D) In 1993, agreement was reached for the netting-off of sums owed to the Debtor Participant by certain creditor Participants, as a result of which the principal balance owed by the Debtor Participant to the Creditor Facility and creditor Participants has been reduced to US\$108.5 million as at November 1998;
- (E) The International Monetary Fund ("IMF") and the World Bank have designed a framework to provide special assistance for heavily indebted poor countries ("HIPC") that pursue IMF and World Bank supported adjustment and reform programs, but for whom traditional debt relief mechanisms are insufficient ("HIPC Debt Initiative");

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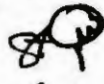
- (F) The HIPC Debt Initiative requires the participation of all creditors, including the Creditor Facility and creditor Participants, so as to reduce to sustainable levels the external debt burden of HIPCs;
- (G) The debt due from the Debtor Participant to the creditor Participants and the Creditor Facility forms part of the debt stock of the Beneficiary Country under the HIPC Debt Initiative;
- (H) In December 1997, the Beneficiary Country was the first country to qualify for assistance under the HIPC Debt Initiative's fiscal/openness criteria;
- (I) The IMF and World Bank boards endorsed a proportional burden-sharing approach under the HIPC Debt Initiative;
- (J) The assistance under the HIPC Debt Initiative by the IMF and the World Bank, as creditors of the Beneficiary Country is contingent on satisfactory assurance and commitment by its other creditors;
- (K) A trust fund called the HIPC Debt Initiative Trust Fund (the "Trust Fund") was established to provide debt relief to eligible HIPCs on debt owed to participating multilateral creditors by prepaying or purchasing a portion of the debt owed to a multilateral creditor and canceling such debt or paying the debt service as it comes due;
- (L) The Creditor Facility and its creditor Participants are eligible creditors under the HIPC Debt Initiative arrangement and are participants in the HIPC Debt Initiative;
- (M) The net present value ("NPV") of a HIPC's external debt is a critical measure that takes into account the degree of concessionality/debt relief;
- (N) The NPV of the Debtor Participant's debt to the Creditor Facility and Creditor Participants as at "decision point", being the point of determining the Debtor Participant's share of debt relief, in terms of United States Dollars with interest accrued was US\$112.451 million of which US\$29.125 million in NPV terms has been committed for HIPC debt relief;

- (O) The nominal debt of US\$108.5 million owed to the Creditor Facility and the Creditor Participants by the Debtor Participant at completion point will be reduced by US\$28.6 million in nominal terms (or US\$26.678 million in NPV terms) at completion point; and subject to the receipt by the Board of payment of US\$2.447 million from the International Development Association ("IDA"), as trustee of the Trust Fund, the Board shall apply the said sum of US\$2.447 million to the next future payment(s) due from the Debtor Participant to the Creditor Facility and/or Creditor Participants upon receipt of such payment.
- (P) The parties hereto agree that debt relief be granted to the Debtor Participant/Beneficiary Country in respect of the amounts set out in row 6 of the First Schedule hereto, subject however, to the terms and conditions stipulated hereunder.

NOW THEREFORE IT IS HEREBY agreed as follows:

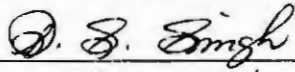
1. The Debtor Participant and the Beneficiary Country acknowledge and agree that there is presently due and owing from the Debtor Participant to the Creditor Facility and the creditor Participants the amounts set out in the appropriate column of the Second Schedule hereto.
2. The Board and creditor Participants hereby agree to grant debt relief of US\$26.678 million in NPV terms (the "Stated Amount") to the Debtor Participant and by extension to the Beneficiary Country by irrevocably releasing and discharging the Debtor Participant from any and all liabilities and obligations in respect of the amounts set out in row 7 of the First Schedule hereto, in accordance with the HIPC Debt Initiative.
3. Subject to the receipt by the Board of payment of US\$2.447 million (the "Grant Amount") from IDA, as trustee of the Trust Fund, the Board shall apply the said sum of US\$2.447 million to the next future payment(s) due from the Debtor Participant to the Creditor Facility and/or Creditor Participants upon receipt of such payment.

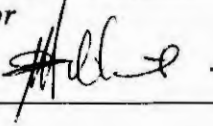
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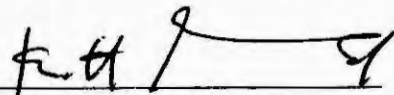
Signed for and on behalf of the Debtor Participant,  
**BANK OF GUYANA**

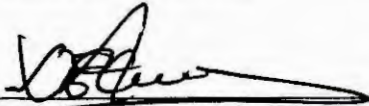
By:   
Governor

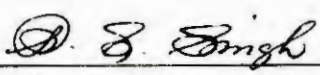
in the presence of: 


Signed by the  
**BOARD OF DIRECTORS OF THE CARICOM MULTILATERAL CLEARING FACILITY**

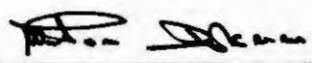
  
Board representative of the  
**Central Bank of Barbados**


  
Board representative of the  
**Central Bank of Belize**

  
Board representative of the  
**Eastern Caribbean Central Bank**

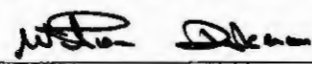
  
Board representative of the  
**Bank of Guyana**

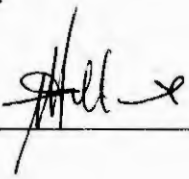
  
Board representative of the  
**Bank of Jamaica**

  
Board representative of the  
**Central Bank of Trinidad and Tobago**

All in the presence of: 

Signed for and on behalf of the Agent,  
**CENTRAL BANK OF TRINIDAD AND TOBAGO**

By:   
Governor

in the presence of: 

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SCHEDULE 1

Caricom Multilateral Clearing Facility  
HIPC Debt Relief through Write-down of CMCF Common Share  
(in thousands of US\$)

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Debt Outstanding and Debt Service Due before HIPC Debt Relief</b>											
1 Debt Outstanding	108,401	96,660	84,919	73,178	61,437	49,696	37,955	26,214	14,473	2,732	
2 Principal payments	9,166	11,741	11,741	11,741	11,741	11,741	11,741	11,741	11,741	11,741	2,732
3 Interest payments		5,273	4,688	4,099	3,512	2,925	2,308	1,751	1,164	577	102
4 Total Debt Service		17,014	16,427	15,840	15,253	14,666	14,079	13,492	12,905	12,318	2,835
5 NPV of Debt	101,053	90,537	79,931	69,231	58,429	47,520	36,496	25,351	14,076	2,663	0

<b>HIPC Debt Relief and its Delivery</b>											
6 Committed HIPC Debt Relief	29,125										
HIPC Debt Relief through CMCF:											
CMCF share in 1998 debt stock = 26.4%											
7 CMCF debt service stream forgiven of which		4,492	4,337	4,182	4,027	3,872	3,717	3,562	3,407	3,252	748
8 <i>Principal</i>		3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	721
9 <i>Interest</i>		1,392	1,237	1,082	927	772	617	462	307	152	27
10 Net Present Value of this assistance	28,678										
11 Financing gap	2,447										

<b>Debt Outstanding and Remaining Debt Service Due after HIPC Debt Relief</b>											
12 Debt Outstanding	108,401	71,142	62,500	53,859	45,218	36,576	27,935	19,294	10,652	2,011	
13 Principal payments	9,166	8,641	8,641	8,641	8,641	8,641	8,641	8,641	8,641	8,641	2,011
14 Interest payments		3,881	3,419	3,017	2,585	2,153	1,721	1,269	857	425	75
15 Total Debt Service		12,523	12,090	11,658	11,226	10,794	10,362	9,930	9,498	9,066	2,086
16 NPV of debt	74,375	66,835	58,829	50,954	43,004	34,975	26,861	18,658	10,360	1,960	0

Memorandum item: NPV reduction through reduced interest rate:

17 Interest payments		0	0	0	0	0	0	0	0	0	0
18 Total Debt Service		11,741	11,741	11,741	11,741	11,741	11,741	11,741	11,741	11,741	2,732
19 NPV of debt	79,850	73,244	66,212	58,729	50,764	42,287	33,285	23,663	13,444	2,567	0
20 Interest rate reduction from 5% to 0%	21,203										
21 Financing gap	7,922										

Source: CMCF

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**SECOND SCHEDULE**

**Caricom Multilateral Clearing Facility ("CMCF")  
Debt Outstanding -  
as at November 30, 1998**

(in millions of US\$ and in percent)

	US\$ mn.	%
<b>TOTAL</b>	<b>108.5</b>	<b>100.0</b>
Central Bank of Barbados	44.0	40.5
Central Bank of Trinidad and Tobago	32.9	30.3
CMCF	28.6	26.4
Eastern Caribbean Central Bank	2.4	2.2
Central Bank of Belize	0.7	0.6
	<u>Exposure excluding CMCF</u>	
<b>TOTAL</b>	<b>79.9</b>	<b>100.0</b>
Central Bank of Barbados	44.0	55.0
Central Bank of Belize	0.7	0.8
Eastern Caribbean Central Bank	2.4	3.0
Central Bank of Trinidad and Tobago	32.9	41.1

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**THIRD SCHEDULE**

**Application of the Proportionality Principle to Remaining Debt  
due from Debtor Participant –  
According to share of debt due to creditor Participants  
as at December 31, 1998**

<b>Creditor Participants</b>	<b>Percentage Application</b>
Central Bank of Barbados	55%
Central Bank of Belize	0.8%
Eastern Caribbean Central Bank	3%
Central Bank of Trinidad and Tobago	41.1%

