

***LOAN CONTRACT No. 1752/SF-GY***

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

Citizen Security Programme

January 31<sup>st</sup>, 2007

## ***LOAN CONTRACT***

### **SPECIAL CONDITIONS**

#### **INTRODUCTION**

#### **Parties, Purpose, Constituent Elements, and Executing Agency**

#### **1. PARTIES AND PURPOSE OF THE CONTRACT**

CONTRACT entered into on January 31<sup>st</sup>, 2007, between the CO-OPERATIVE REPUBLIC OF GUYANA, hereinafter referred to as the "Borrower", and the INTER-AMERICAN DEVELOPMENT BANK, hereinafter referred to as the "Bank" to cooperate in the execution of a citizen security programme, hereinafter referred to as the "Programme". The major aspects of the Programme are described in detail in the Annex.

#### **2. CONSTITUENT ELEMENTS OF THE CONTRACT AND REFERENCE TO THE GENERAL CONDITIONS**

(a) This Contract consists of these Special Conditions, the General Conditions, and the Annex, which are attached hereto. If any provision of the Special Conditions or the Annex should present any inconsistency or contradiction with the General Conditions, the provisions of the Special Conditions or the Annex, shall prevail. In case of inconsistencies or contradictions between the Special Conditions and the Annex, specific rules shall prevail over general rules.

(b) Rules for the application of amortization, interest, credit fee, inspection and supervision and disbursement clauses, as well as other conditions related to Programme execution, are established in detail in the General Conditions. The General Conditions also include general definitions.

#### **3. EXECUTING AGENCY**

The parties agree that the execution of the Programme and the utilization of the resources of the financing from the Bank shall be carried out by the Borrower, through its Ministry of Home Affairs ("MoHA"), which for the purposes of this Contract shall be referred to as the "Executing Agency" or the "MoHA". The Borrower, through the Executing Agency, undertakes to fulfill all the obligations set forth in this Contract.

**CHAPTER I**  
**Costs, Financing and Additional Resources**

**SECTION 1.01** **Cost of the Programme.** The total cost of the Programme is estimated to be the equivalent of twenty two million dollars of the United States of America (US\$22,000,000). Unless otherwise stated in this Contract, the term "dollars" hereinafter signifies the currency of legal tender in the United States of America.

**SECTION 1.02** **Amount of the Financing.** In accordance with this Contract, the Bank agrees to grant to the Borrower, and the Borrower accepts, a "Financing", chargeable to the resources of the Fund for Special Operations of the Bank, for up to the equivalent of nineteen million eight hundred thousand dollars (US\$19,800,000) or the equivalent thereof in other currencies forming part of such resources, except the currency of the Co-operative Republic of Guyana. The amounts disbursed from the Financing shall constitute the "Loan".

**SECTION 1.03** **Additional Resources.** The amount of the additional resources which, pursuant to Article 6.04 of the General Conditions, the Borrower shall undertake to contribute in a timely manner for the complete and uninterrupted execution of the Programme, is estimated to be the equivalent of two million two hundred thousand dollars (US\$2,200,000), although this estimate shall not imply any limitation or reduction of the obligation of the Borrower under said Article. To compute the equivalency in dollars, the rules set forth in Article 3.05(b) of the General Conditions shall be followed.

**CHAPTER II**  
**Amortization, Interest, General Inspection and Supervision, and Credit Fee**

**SECTION 2.01** **Amortization.** The Loan shall be completely repaid by the Borrower by means of semiannual, consecutive, and, insofar as possible, equal installments. The first installment shall be paid on the 31<sup>st</sup> of July of 2017, and the last installment, no later than the 31<sup>st</sup> of January of 2047.

**SECTION 2.02** **Interest.** The Borrower shall pay interest semiannually on the outstanding daily balance of the Loan at the rate of 1% per annum until the 31<sup>st</sup> of January of 2017, and 2% per annum thereafter, which shall accrue from the date of each respective disbursement. The first payment shall be made the 31<sup>st</sup> of July of 2007 and the following on the 31<sup>st</sup> of July and January of each year.

**SECTION 2.03** **Resources for General Inspection and Supervision.** From the amount of the Financing, the sum of one hundred ninety eight thousand dollars (US\$198,000) is hereby allocated to cover the Bank's expenses for general inspection and supervision. Said sum shall be disbursed in quarterly and, insofar as possible, equal installments and shall be credited to the accounts of the Bank without the necessity of a request from the Borrower.

**SECTION 2.04 Credit Fee.** In addition to interest, the Borrower shall pay a credit fee pursuant to the provisions of Article 3.02 of the General Conditions. For this purpose it is hereby noted that the Board of Executive Directors of the Bank approved the Resolution relating to the Financing on June 28, 2006.

### **CHAPTER III** **Disbursements**

**SECTION 3.01 Currency and Use of Funds.** (a) The amount of the Financing shall be disbursed in dollars or its equivalent thereof in other currencies of the Fund for Special Operations, except that of the Co-operative Republic of Guyana to pay for goods and services through international competition and for such other purposes as are indicated in this Contract.

(b) The resources of the Financing may be used only for the payment of goods and services originating in member countries of the Bank.

**SECTION 3.02 Special Conditions Prior to First Disbursement.** In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions, the first disbursement of the Financing shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirement: the Executing Agency has presented to the Bank, evidence that the Programme's Operating Manual, previously agreed upon between the Executing Agency and the Bank, has entered into effect.

**SECTION 3.03 Reimbursement of Expenditures Chargeable to the Financing.** (a) With the consent of the Bank, resources of the Financing may be used to reimburse expenditures incurred or to finance those that may be incurred in the Programme on or after June 28, 2006 and up to the date of this Contract, provided that requirements substantially similar to those set forth in this Contract have been fulfilled.

(b) Upon the meeting of the conditions for first disbursement of the Financing set forth in Section 3.02 of these Special Conditions and in Article 4.01 of the General Conditions, the Bank shall pay, with the resources of the Financing, the outstanding amount owed by the Borrower to the Bank on account of Loan 1653/SF-GY, including the amount equivalent to one million dollars (US\$1,000,000) in principal and the respective interest and commissions. The amount equivalent to one million dollars (US\$1,000,000) in principal shall be restored to the Project Preparation Line of Credit PPF/010-GY.

**SECTION 3.04 Disbursement Period.** The period for final disbursement of the resources of the Financing shall expire five (5) years from the effective date of this Contract.

**SECTION 3.05 Revolving Fund.** (a) For the purposes of the provisions set forth in Article 4.07 of the General Conditions, the amount of the Revolving Fund shall not exceed five percent (5%) of the amount of the Financing.

(b) The reports on the execution of the Programme, which the Borrower, through the Executing Agency, shall submit to the Bank, in accordance with Article 7.03 of the General Conditions, shall include the financial-accounting information about management of the Revolving Fund resources, upon request by the Bank.

**SECTION 3.06 Special Execution Condition.** The parties agree that, the commitment of resources of the Financing for the rehabilitation of police stations outside Regions IV and VI of the Programme (Component 2), will be subject to the prior Bank's approval of the criteria for selecting said stations. Furthermore, the parties agree that said criteria will be part of the Operating Regulations of the Programme referred to in Sections 3.02 and 4.04 of these Special Conditions.

#### **CHAPTER IV** **Execution of the Programme**

**SECTION 4.01 Procurement of Works and Goods.** Works and goods shall be procured in accordance with the provisions set forth in Document GN-2349-6 ("Policies for the procurement of works and goods financed by the IDB"), dated February 2006, hereinafter called "the Procurement Policies", which the Borrower declares to know, and the following provisions of this Section:

(a) **International Competitive Bidding:** Except as otherwise provided in subsection (b) of this Section, works and goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Procurement Policies and paragraphs 2 and 3 of Appendix 1 of said Procurement Policies.

(b) **Other Procurement Procedures:** The following procurement methods may be used for the procurement of works and goods:

(i) **National Competitive Bidding:** For works estimated to cost less than one million dollars (US\$1,000,000) and more than two hundred and fifty thousand dollars (US\$250,000) equivalent per contract; and goods estimated to cost less than two hundred and fifty thousand dollars (US\$250,000) and more than fifty thousand dollars (US\$50,000) equivalent per contract, procurement will be carried out in accordance with the provisions of paragraphs 3.3 and 3.4 of the Procurement Policies.

(ii) **Shopping:** For works estimated to cost equal to or less than two hundred and fifty thousand dollars (US\$250,000) equivalent per contract; and goods estimated to cost equal to or less than fifty thousand dollars (US\$50,000) equivalent per contract,

procurement will be carried out in accordance with the provisions set forth in paragraph 3.5 of the Procurement Policies.

(c) **Additional Procurement Requirements:** The Borrower, through the Executing Agency, shall carry out the procurement of works and goods in accordance with the general plans, technical, social and environmental specifications, budgets and other documents required for the acquisition or the construction, and, as the case may be, the specific guidelines and other documents necessary for the call for prequalification or bids; and in the case of works, the Borrower, through the Executing Agency, shall submit evidence that it has, with respect to the real property where the works will be constructed, the right of legal possession, easements or other rights necessary to initiate the construction, as well as the riparian rights required for the respective works.

(d) **Procurement Planning:** Prior to the issuance of any invitations to prequalify or to bid for contracts, the Borrower, through the Executing Agency, shall present the proposed Procurement Plan for the Programme to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 of the Procurement Policies. This plan shall be updated every six (6) months during Programme execution, and submitted to the Bank for its review and approval. Procurement of all goods and works shall be undertaken in accordance with such Procurement Plan as shall have been approved by the Bank, and with the provisions of said paragraph 1 of Appendix 1 of the Procurement Policies.

(e) **Prior Review:** Unless the Bank determines otherwise in writing all contracts will be subject to the Bank's prior review in accordance with the procedures set forth in paragraphs 2 and 3 of Appendix 1 of the Procurement Policies.

**SECTION 4.02** **Maintenance of Works.** (a) The Borrower and the Executing Agency undertake to ensure that the works and equipment included in the Programme shall be adequately maintained according to generally accepted technical standards. Maintenance reports on all works and equipment acquired under the Programme will be prepared by the Executing Agency and submitted to the Bank on an annual basis during the execution of the Programme, and for five (5) years after the completion of the Programme and within the first quarter of each calendar year. If from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance does not meet the levels agreed upon, the Borrower and the Executing Agency shall undertake the necessary measures to correct these shortcomings.

(b) The Executing Agency will be responsible for ensuring that the Guyana Police Force ("GPF") maintains the new crime laboratory, training facilities and the rehabilitation of the police stations, in a manner consistent with the provision set forth in subsection (a) above. For that purpose, the Executing Agency undertakes to adopt all necessary measures in order to assure that resources for the maintenance of said works will be allocated in the GPF annual current budget.

(c) In order to assure that the maintenance of the multi-purpose community facilities and any other community-based activity will be carried out by the local government authorities and residents (CAC, NDC or town council, Regional Democratic Council) in a manner consistent with the provisions set forth in this Section, the Executing Agency shall sign a written agreement with the corresponding local government authorities by which, the latter commits to the maintenance of said facilities in accordance with the provision set forth in this Section. Furthermore, a maintenance subcommittee of each local government authority/authorities shall be established while the facility is being refurbished or rehabilitated, with specific responsibility for managing and coordinating structure maintenance activities.

**SECTION 4.03 Reimbursement of Expenses as of Date of Loan Approval.** The Bank may recognize as part of the local contribution expenditures incurred or which may be incurred in the Programme on or after June 28, 2006 and up to the date of this Contract, provided that requirements substantially similar to those set forth in this Contract have been fulfilled.

**SECTION 4.04 Operating Regulations of the Programme.** The parties agree that the execution of the Programme shall be governed by the terms and conditions set forth in this Contract and in the Operating Regulations of the Programme on the understanding that changes could be introduced in the Operating Regulations with the prior written approval of the Bank. If any provision of the Operating Regulations should present any inconsistency or contradiction with the terms and conditions set forth in this Contract, the provisions of this Contract shall prevail.

**SECTION 4.05 Selection and Contracting of Consulting Services.** (a) The selection and contracting of consulting services will be carried out by the Executing Agency in accordance with the provisions set forth in Document GN-2350-6 ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank") dated February 2006. The Executing Agency confirms its familiarity with those provisions of Document GN-2350-6. The Executing Agency will be able to use the method of selection set forth in Section II and in paragraphs 3.2 to 3.8 of Section III of Document GN-2350-6. For purposes of paragraph 2.7 of Document GN-2350-6, the short list of consultants whose contracts are estimated to be below the equivalent of two hundred thousand dollars (US\$200,000) can be composed in its entirety by national consultants.

(b) The consultants shall perform their work in accordance with the terms of reference previously agreed upon, for each of them by the Executing Agency and the Bank, on the understanding that said terms of reference may be adjusted or expanded during the execution of the Programme by mutual agreement between the Executing Agency and the Bank.

(c) International consultants shall have to perform their work in an integrated manner with the local professional staff assigned or contracted by the Executing Agency to participate in the execution of the Programme, with a view to carrying out technical and operational training of such staff by the conclusion of the work.

(d) Procurement Plan. Before starting any competitive bidding process or any request for proposals for the acquisition of consulting services, the Executing Agency shall prepare and furnish for the Bank's approval, a Procurement Plan acceptable to the Bank setting forth: (a) the particular contracts for consulting services necessary to carry out the Programme, including the estimated cost of each contract, and the proposed methods for the selection of consultants' services, in accordance with paragraph 1 of Appendix 1 of the Consultants Policy. This Procurement Plan shall be updated every six (6) months during the execution of the Programme or as needed throughout the duration of the Programme, and each updated version shall be submitted to the Bank's approval. The Executing Agency shall implement the Procurement Plan in the manner in which the Bank has approved it.

(e) Review by the Bank. Unless the Bank agrees otherwise in writing, each contract for the acquisition of consulting services shall be subject to an ex ante review, in accordance with the procedures set forth in paragraphs 2 and 3 of Appendix 1 of the Consultants Policy.

**SECTION 4.06** Progress Reports and Evaluation. (a) The progress reports that the Borrower, through the Executing Agency, undertakes to present to the Bank pursuant to Article 7.03(a)(i) of the General Conditions, will include, in addition to any other information the Bank may request, a summary of the execution of the Programme activities as well as information with regard to the use of Programme resources. These reports will also take into consideration the indicators set forth in the "Logical Framework" agreed upon between the Executing Agency and the Bank, as well as any other agreed goals between the parties.

(b) The Executing Agency undertakes to carry out the following two (2) evaluations: (i) a mid-term evaluation, after the Crime Observatory has been operating for one year; MoHA has developed its strategic plan; the GPF has elaborated a new organizational structure and revised its manual for internal and external accountability; and community assessments have been completed and a list of priorities identified by the communities and the Ministry of Home Affairs ("MoHA"). For this purpose, the Executing Agency will present to the Bank, the publications regarding the causes of external injuries and deaths, its personnel trained in data collection and management, the results of the victimization and attitudes survey, the positions of the GPF that have been reclassified and the staff of GPF trained in criminal investigation. Furthermore, the parties agree to carry out a mid-term review with the purpose of discussing the results from the implementation of each of the Programme's components and to review the plan of activities for the surveys; and (ii) a final evaluation, when 95% of the resources of the Financing has been disbursed. This evaluation will be comprised of impact evaluations as well as process evaluations. This evaluation aims at assessing the implementation of the Programme and will document outcomes related to the participating agencies and communities in the Programme. The objectives of the final evaluation are to assess: (a) the degree to which the Programme achieved its objectives; (b) the efficiency of the means used to address these objectives; (c) the factors that, in general, influenced Programme outcomes; (d) the factors that influenced variations in impacts across participating agencies and communities; (e) whether unexpected results are due to administrative factors; (f) the sustainability of the



Programme results; and (g) the lessons learned with respect to building community cohesion and in the implementation of interventions to prevent crime and violence.

(c) Finally, the Executing Agency undertakes to collect, store and retain all necessary information, indicators and parameters, the results of the mid-term review, and final evaluation, to enable the Bank to prepare any reports it may deem to be necessary.

## **CHAPTER V** **Records, Inspections, and Reports**

**SECTION 5.01 Records, Inspections, and Reports.** The Borrower agrees to directly or through the Executing Agency maintain records, permit inspections, and submit reports and financial statements in accordance with the provisions established in Chapter VII of the General Conditions.

**SECTION 5.02 Audits.** (a) With respect to the provisions of Article 7.03 of the General Conditions, the financial statements of the Programme shall be submitted on an annual basis, duly certified by a firm of independent public accountants acceptable to the Bank, and selected and hired pursuant to Bank's policies and procedures applicable to this matter.

(b) The costs associated with the hiring of the firm referred to in subsection (a) above, will be financed with resources of the Financing.

## **CHAPTER VI** **Miscellaneous Provisions**

**SECTION 6.01 Entry into Effect.** The parties agree that this Contract shall enter into effect on the date of its signature.

**SECTION 6.02 Termination.** Payment in full of the Loan and of all interest and fees shall terminate this Contract and all obligations arising thereunder.

**SECTION 6.03 Validity.** The rights and obligations established in this Contract are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

**SECTION 6.04 Communications.** Any notice, request, or communication from one party to another by virtue of this Contract shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, unless the parties agree otherwise in writing:

## CHAPTER V

### **Suspension of Disbursements and Accelerated Maturity**

**ARTICLE 5.01. Suspension of Disbursements.** The Bank, by written notice to the Borrower, may suspend disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Borrower to the Bank for principal, fees, interest, return of advances of funds or for any other reason, under this Contract or any other Loan Contract entered into between the Bank and the Borrower.
- (b) Nonfulfillment by the Borrower of any other obligation set forth in the Contract or in any other Contract entered into with the Bank for the financing of the Project.
- (c) Withdrawal or suspension from membership in the Bank of the country in which the Project is to be executed.
- (d) The Project or the purposes of the Financing may be affected by: (i) any restriction, modification or alteration of the legal capacity, functions or assets of the Borrower or the Executing Agency; or (ii) any modification or change made without the written concurrence of the Bank of the basic conditions fulfilled before the approval of the Resolution authorizing the Financing or the signature of the Contract. In such cases, the Bank will have the right to require the Borrower and the Executing Agency to provide reasoned and detailed information. Only after hearing the Borrower or the Executing Agency and weighing the information or clarification received, or if the Borrower and the Executing Agency fail to respond, may the Bank suspend disbursements if it considers that the modifications made affect the Project substantially and unfavorably or make its execution impossible.
- (e) The non-compliance on the part of the Guarantor, if any, of any obligation set forth in the Guarantee Contract.
- (f) When the Borrower is not a member country government, any extraordinary circumstance which, in the opinion of the Bank, makes it unlikely that the Borrower will be able to comply with the obligations established in this Contract or to fulfill the purposes for which it was entered into.

**ARTICLE 5.02. Termination, Accelerated Maturity, or Partial Cancellation of Undisbursed Balances.** (a) The Bank may terminate this Contract with respect to the part of the Financing not yet disbursed or may declare the entire loan or a portion thereof immediately due and payable, together with interest and commissions accrued up to the date of payment if: (i) any of the circumstances set forth in paragraphs (a), (b), (c) and (e) of the preceding Article continues for more than sixty (60) days; or (ii) the information referred to in paragraph (d) of the preceding Article, or the clarifications

or additional information presented by the Borrower or the Executing Agency, if any, are not satisfactory to the Bank.

(b) The Bank may cancel the part of the Financing pertaining to the procurement of certain goods, works or related services, or consulting services, or may declare the portion of the loan pertaining to such items immediately due and payable, if it determines at any time that: (i) the procurement was carried out without following the procedures set forth in this Contract; or (ii) representatives of the Borrower or a beneficiary of the grant have committed corrupt practices, either in the process of selecting the supplier or contractor or in the execution of the respective contract, and the Borrower has not taken timely and remedial measures, observing the due process guarantees of the Borrowing country's legislation, and acceptable to the Bank.

(c) For the purposes of the above paragraph, corrupt practices shall be understood to include, but not be limited to, acts of: (i) bribery, meaning the offering or giving of anything of value to influence the actions or decisions of third parties or the receiving or soliciting of any benefit in exchange for actions or omissions related to the performance of duties; (ii) extortion or coercion, meaning the act of obtaining something, compelling an action or influencing a decision through intimidation, threat or the use of force, where potential or actual injury may befall upon a person, his/her reputation or property; (iii) fraud, meaning any action or omission intended to misrepresent the truth so as to induce others to act in reliance thereon, with the purpose of obtaining some unjust advantage or causing damage to others; and (iv) collusion, meaning a secret agreement between two or more parties to defraud or cause damage to a person or entity or to obtain an unlawful purpose.

**ARTICLE 5.03. Obligations not Affected.** Notwithstanding the provisions of the foregoing Articles 5.01 and 5.02, none of the measures set forth in this Chapter shall affect the disbursement by the Bank of: (a) any amounts subject to the guarantee of an irrevocable letter of credit; and (b) any amounts which the Bank by specific written agreement with the Borrower or the Executing Agency, if any, has agreed to provide from the resources of the Financing to make payments to a supplier of goods or services. The exceptions set forth in subparagraph (b) shall not apply if the Bank determines that corrupt practices occurred with respect to the procurement of, or the execution of the contract for, the goods or services.

**ARTICLE 5.04. Non-waiver of Rights.** Any delay by the Bank in the exercise of its rights pursuant to this Contract, or failure to exercise them, shall not be construed as a waiver by the Bank of any such rights nor as acquiescence in events or circumstances which, had they occurred, would have empowered it to exercise them.

**ARTICLE 5.05. Provisions not Affected.** The application of any of the measures provided for by this Chapter shall not affect the obligations of the Borrower established in this Contract, which shall remain in full force and effect, except that in case the entire Loan has been declared due and payable only the pecuniary obligations of the Borrower shall continue in force.

## CHAPTER VI

### Execution of the Project

**ARTICLE 6.01. General Provisions for Execution of the Project.** (a) The Borrower undertakes that the Project shall be executed with due diligence in conformity with sound financial and technical practices, and in accordance with the plans, specifications, investment schedule, budgets, regulations, and other documents approved by the Bank. The Borrower further undertakes that its obligations shall be fulfilled to the satisfaction of the Bank.

(b) Any important modification in the plans, specifications, investment schedule, budgets, regulations or other documents which the Bank has approved, as well as any substantial change in the contract or contracts for goods or services which may be funded with the resources devoted to the execution of the Project, or in the categories of investment, shall require the written consent of the Bank.

**ARTICLE 6.02. Prices and Public Tender.** Contracts for execution of works, procurement of goods, and rendering of services for the Project shall be undertaken at a reasonable cost which shall generally be the lowest market price, taking into account quality, efficiency, and any other pertinent factors.

**ARTICLE 6.03. Use of Goods.** Except with the express authorization of the Bank, the goods acquired with the resources of the Financing shall be used exclusively for the purposes of the Project. Once the Project has been completed, the construction machinery and equipment utilized in the execution of the Project may be used for other purposes.

**ARTICLE 6.04. Additional Resources.** (a) The Borrower shall contribute in a timely manner all the resources in addition to those of the Loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the Special Conditions. If during the process of disbursement of the Financing an increase in the estimated cost of the Project arises, the Bank may require the modification of the investment schedule referred to in Article 4.01(d) of these General Conditions in order that the Borrower shall meet such increase.

(b) Beginning with the calendar year following the initiation of the Project and during the period of its execution, the Borrower shall demonstrate to the Bank in the first sixty (60) days of each calendar year that it will have available when needed the resources necessary to make the local contribution to the Project during that year.

## CHAPTER VII

### Records, Inspections and Reports

**ARTICLE 7.01. Internal Control and Records.** The Borrower or the Executing Agency, as the case may be, shall maintain an appropriate system of internal accounting and administrative controls. The accounting system shall be organized so as to provide the necessary documentation to permit the verification of transactions and facilitate the timely preparation of financial statements and reports. The records of the Project shall be maintained in such a way that: (a) they make it possible to identify the sums received from the various sources; (b) they show, in accordance with the catalogue of accounts approved by the Bank, the investments in the Project, both with the resources of the Loan and with the other funds to be provided for its complete execution; (c) they include sufficient detail to show the goods acquired and the services contracted, as well as the utilization of such goods and services; and (d) they show the cost of the investments in each category and the progress of the works. With respect to credit programs, the records shall also detail the credits granted, the recoveries obtained, and the utilization of the funds recovered.

**ARTICLE 7.02. Inspections.** (a) The Bank may establish such inspection procedures as it deems necessary to assure the satisfactory development of the Project.

(b) The Borrower and the Executing Agency, if any, shall permit the Bank to inspect at any time the Project, the equipment and materials involved therein, and to examine such records and documents as the Bank may deem pertinent. The personnel which the Bank shall send for this purpose shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

**ARTICLE 7.03. Reports and Financial Statements.** (a) The Borrower or the Executing Agency, as appropriate, shall present to the Bank the following reports, within the periods specified with respect to each:

- (i) Reports on the execution of the Project, within sixty (60) days following the end of each calendar Semester, or within such other period as the parties may agree, prepared in accordance with the relevant rules agreed to with the Bank.
- (ii) Such other reports as the Bank may reasonably request regarding the investment of the sums lent, the use of goods acquired with such sums, and the progress of the Project.
- (iii) Three copies of the financial statements for the entire Project as of the close of each fiscal year of the Executing Agency, and supplementary financial information relating to such statements. Such financial statements shall be submitted within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year in which

the Project was initiated and during the period stipulated in the Special Conditions.

- (iv) When the Special Conditions so require, three copies of the financial statements of the Borrower as of the close of each fiscal year, and supplementary financial information relating to such statements. The financial statements shall be submitted during the period stipulated in the Special Conditions, beginning with the fiscal year in which the Project was initiated and within one hundred twenty (120) days following the close of each fiscal year of the Borrower. This obligation shall not apply if the Borrower is the Republic or the Central Bank.
- (v) When the Special Conditions so require, three copies of the financial statements of the Executing Agency as of the close of each fiscal year, and complementary financial information relating to such statements. The statements shall be submitted during the period stipulated in the Special Conditions, beginning with the fiscal year in which the Project was initiated and within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency.

(b) The statements and documents described in paragraphs (a)(iii), (iv) and (v) shall be submitted with the opinion of the auditing entity specified in the Special Conditions of this Contract and in accordance with requirements satisfactory to the Bank. The Borrower or the Executing Agency, as the case may be, shall authorize the auditing entity to provide the Bank with any additional information it may reasonably request with respect to the financial statements and audit reports issued.

(c) In cases in which the audit is to be performed by an official auditing agency and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the periods mentioned above, the Borrower or the Executing Agency shall contract the services of a firm of independent public accountants acceptable to the Bank. The services of a firm of independent public accountants may also be utilized if the contracting parties so agree.

## CHAPTER VIII

### Provision on Encumbrances and Exemptions

**ARTICLE 8.01. Commitment on Encumbrances.** If the Borrower should agree to create any specific encumbrance on all or part of its assets or revenues to secure an external debt, it shall at the same time create an encumbrance guaranteeing to the Bank, equally and proportionally, the fulfillment of the pecuniary obligations arising from the Contract. However, the foregoing shall not apply: (a) to encumbrances on goods used as security for payment of the unpaid balance of the purchase price; and (b) to encumbrances created in banking operations to secure payment of debts

with maturities of not more than one year. In the event that the Borrower is a member country, the term "assets or revenues" shall mean all types of assets or revenues which belong to the Borrower or any of its dependent agencies which are not autonomous entities with their own separate capital.

**ARTICLE 8.02. Tax Exemption.** The Borrower undertakes to ensure that both the principal and the interest and other charges of the Loan shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty or charge established or that may be established by the laws of its country, and to pay any tax, fee, or duty applicable to the signing, negotiation, and execution of this Contract.

## CHAPTER IX

### Arbitration Procedure

**ARTICLE 9.01. Composition of the Tribunal.** (a) The Arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by the Bank, another by the Borrower, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who the Referee shall be, or if one of the parties should not designate an arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, one shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions and faculties as his predecessor.

(b) If the controversy affects not only the Borrower but also the Guarantor, if any, both shall be considered a single party and consequently shall act jointly in the designation of the arbitrator and for the other purposes of the arbitration proceedings.

**ARTICLE 9.02. Initiation of the Procedure.** In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation which it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed as to the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

**ARTICLE 9.03. Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, United States of America, on the date designated by the Referee, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

**ARTICLE 9.04. Procedure.** (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(b) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of this Contract, and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the parties by means of a communication signed by at least two members of the Tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

**ARTICLE 9.05. Costs.** The fees of each arbitrator shall be paid by the party which appointed him and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the other persons who, by mutual agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation which may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

**ARTICLE 9.06. Notification.** All notifications relative to the arbitration or to the award shall be made in the manner provided in this Contract. The parties waive any other form of notification.



**PART TWO**

**GENERAL CONDITIONS**

**CHAPTER I**

**Application of the General Conditions**

**ARTICLE 1.01. Application of the General Conditions.** These General Conditions apply to the Loan Contracts entered into by the Inter-American Development Bank with its Borrowers, and accordingly the provisions hereof form an integral part of this Contract.

**CHAPTER II**

**Definitions**

**ARTICLE 2.01. Definitions.** For the purposes of the obligations contracted between the parties, the following definitions are adopted:

- (a) "Bank" means the Inter-American Development Bank.
- (b) "Board" means the Board of Executive Directors of the Bank.
- (c) "Borrower" means the party to which the Financing is made available.
- (d) "Contract" means the entirety of the Special Conditions, the General Conditions and the Annexes.
- (e) "Executing Agency/ Agencies" means the entity/entities responsible for executing all or part of the Project.
- (f) "Financing" means the funds which the Bank has agreed to make available to the Borrower to assist in carrying out the Project.
- (g) "General Conditions" means the entirety of articles which comprise Part Two of this Contract and reflect the basic policies of the Bank uniformly applicable to its Loan Contracts.
- (h) "Guarantor" means the party which guarantees the fulfillment of the obligations contracted by the Borrower and which assumes other obligations for which it is liable in accordance with the Guarantee Contract.

- (i) "Loan" means the funds disbursed from the Financing.
- (j) "Project" means the Program or Project for which the Financing has been extended.
- (k) "Revolving Fund" means a fund that the Bank may establish as provided in Article 4.07 of these General Conditions, for the purpose of advancing resources to defray Project expenses chargeable to the Financing.
- (l) "Semester" means the first or second six months of a calendar year.
- (m) "Special Conditions" means the entirety of the provisions which comprise Part One of this Contract and contain the particular terms of the operation.

### CHAPTER III

#### Amortization, Interest and Credit Fee

**ARTICLE 3.01. Dates of Amortization.** The Borrower shall amortize the Loan in semi-annual installments on the same dates as those designated in the Special Conditions for payment of interest. The date for the first principal amortization installment shall coincide with the date on which the next immediate interest payment is due, once six months from the scheduled date of the last disbursement have elapsed.

**ARTICLE 3.02. Credit Fee.** (a) The Borrower shall pay on the undisbursed balance of the Financing which is not in the currency of the Borrower's country a credit fee of 1/2 of 1% per annum, which shall begin to accrue twelve (12) months after the date of the Resolution of the Board of Executive Directors approving the Financing.

(b) This fee shall be paid in United States of America dollars on the same dates as those specified for the payment of interest pursuant to the provisions of the Special Conditions.

(c) This fee shall cease to accrue in full or in part, as the case may be, to the extent that: (i) the respective disbursements have been made; or (ii) the Financing has been canceled totally or partially pursuant to Articles 3.12, 3.13 and 4.02 of these General Conditions and the relevant provisions of the Special Conditions.

**ARTICLE 3.03. Computation of Interest and Credit Fee.** The interest and credit fee shall be calculated according to the exact number of days in the respective Semester.

**ARTICLE 3.04. Obligations Relating to Currencies.** (a) Amounts which are disbursed shall be applied, on the date of each respective disbursement, against the Financing in accordance with the

equivalency in United States of America dollars as reasonably determined by the Bank, pursuant to the provisions of Article 3.05.

(b) The Borrower shall owe, in the respective currencies disbursed, from the date of the corresponding disbursement:

- (i) The amounts disbursed in any of the currencies which form part of the Fund for Special Operations, in respect of which the Bank has indicated that they may be considered freely convertible; and
- (ii) Amounts equivalent in United States of America dollars to the sums disbursed in currencies not included in the preceding subparagraph (i) which form part of the Fund for Special Operations.

(c) On the due dates, the Borrower shall pay, in the respective currencies disbursed, amortization and interest on:

- (i) The amounts disbursed in the currencies referred to in subparagraph (b)(i) above; and
- (ii) Amounts equivalent in United States of America dollars to the sums disbursed in the currencies referred to in subparagraph (b)(ii) above.

**ARTICLE 3.05. Rate of Exchange.** (a) For the purposes set forth in paragraphs (a) and (b)(i) of the preceding Article, the equivalency of other currencies in relation to the United States of America dollar shall be calculated by applying, on the date on which the disbursement is made, the foreign exchange market rate in effect on that date. For the purposes set forth in paragraphs (a) and (b)(ii) of the preceding Article, the equivalency of other currencies in relation to the United States of America dollar shall be calculated by applying, on the date on which the disbursement is made, the exchange rate agreed upon by the Bank with the respective issuing member country for the purpose of maintaining the value of its currency held by the Bank, in accordance with Article V, Section 3, of the Agreement Establishing the Bank.

(b) For the purposes of payments to the Bank pursuant to paragraph (c)(ii) of the preceding Article:

- (i) The equivalency of other currencies in relation to the United States of America dollar shall be calculated on the date of payment, in accordance with the rate of exchange referred to in paragraph (a) of this Article.
- (ii) Should there be no agreement in force between the Bank and the respective issuing member country with regard to the rate of exchange to be applied for the purpose of maintaining the value of its currency held by the Bank, the

latter shall have the right to require that the rate of exchange to be applied shall be that which on the due date is utilized by the corresponding monetary authority of the issuing member country to sell United States of America dollars to residents of such country, other than government agencies, for the following transactions: (a) payments of principal and interest due; (b) transfers of dividends or other income from capital investments in the respective country; and (c) transfers of investment capital.

- (iii) If, on the date on which the payment is due, the foregoing rule cannot be applied because the operations referred to do not exist, payment shall be made on the basis of the most recent rate of exchange in effect within the thirty (30) days preceding the respective due date.
- (iv) If, notwithstanding the application of the foregoing rules, the effective rate of exchange for the purpose of determining payment cannot be ascertained, or if discrepancies arise in the determination thereof, the reasonable determination of the Bank shall prevail, taking into consideration the realities of the foreign exchange market of the issuing country concerned.
- (v) If, due to non-compliance with the foregoing rules, the Bank considers that any payment made in the respective currency has been insufficient, it shall so advise the Borrower immediately in order that the latter shall pay the difference within a period no greater than thirty (30) days from the receipt of the notification. If, on the other hand, it appears that the sum received by the Bank is higher than that due, it shall return the excess amount within a period no greater than thirty (30) days from the receipt thereof.
- (vi) In case of a delayed payment the Bank may require that the rate of exchange in effect at the time of payment be applied.

(c) For the purpose of determining the equivalency in United States of America dollars of an expenditure incurred in the currency of the Borrower's country, the rate of exchange which is applicable on the date of payment of such expenditure shall be utilized, pursuant to paragraph (a) above. To that end, the date of payment of such expenditure shall mean the date on which the Borrower, the Executing Agency or any natural or juridical person in whom the power to incur expenditures has been vested makes the respective payments on the order of the contractor or supplier.

**ARTICLE 3.06. Participations.** (a) The Bank may cede to other public or private institutions, in the form of participations, the rights corresponding to the Borrower's pecuniary obligations under this Contract. The Bank shall promptly notify the Borrower of each assignment.

(b) Participations may be granted in respect of either of the following: (i) amounts of the Loan disbursed prior to execution of the participation agreement; or (ii) amounts of the Financing which are still undisbursed at the time of the participation agreement's execution.

**ARTICLE 3.07. Place of Payments.** All payments shall be made at the principal office of the Bank in Washington, District of Columbia, United States of America, unless the Bank designates another place or places for this purpose by written notification to the Borrower.

**ARTICLE 3.08. Transactions Falling Due on Public Holidays.** Any payment or other transaction, which pursuant to this Contract should be effected on Saturday, Sunday or a day which is a banking holiday according to the law of the place where it is required to be made, shall be considered validly effected if carried out on the first business day immediately thereafter, and in such case no penalty whatsoever shall apply.

**ARTICLE 3.09. Receipts and Promissory Notes.** At the request of the Bank, the Borrower shall sign and deliver to the Bank, upon the completion of disbursements, a receipt or receipts for the amounts disbursed. Likewise, the Borrower shall sign and deliver to the Bank, at its request, promissory notes or other negotiable instruments representing the Borrower's obligation to repay the Loan with the interest agreed upon in the Contract. Such documents shall be in the form prescribed by the Bank taking into account the applicable legal provisions of the country of the Borrower.

**ARTICLE 3.10. Application of Payments.** All payments shall be applied first to returns of unjustified advances of funds, then to fees and interest due on the payment date, and if a balance exists, to the amortization of installments of principal due.

**ARTICLE 3.11. Advance Payments.** Upon advance notice in writing to the Bank of at least fifteen (15) days, the Borrower may pay, on the date indicated in the notification, any part of the Loan prior to its maturity, provided that no sum is owing in respect of the credit fee and/or interest. Unless otherwise agreed in writing, each partial advance payment shall be applied to unpaid installments of principal in the inverse order of their maturity.

**ARTICLE 3.12. Renunciation of Part of the Financing.** The Borrower, with the concurrence of the Guarantor, if any, may renounce, by written notice to the Bank, its right to utilize any part of the Financing which has not been disbursed before the receipt of the notice, provided that such part is not subject to any of the circumstances set forth in Article 5.03 of these General Conditions.

**ARTICLE 3.13. Automatic Cancellation of Part of the Financing.** Unless the Bank and the Borrower and the Guarantor, if any, expressly agree in writing to extend the term for making disbursements, that portion of the Financing not committed or disbursed, as the case may be, within the corresponding term, shall automatically be canceled.

## CHAPTER IV

### Conditions Relating to Disbursements

**ARTICLE 4.01. Conditions Precedent to First Disbursement.** The first disbursement of the Financing shall be subject to fulfillment of the following requirements to the satisfaction of the Bank:

- (a) The Bank shall have received one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower in this Contract, and those of the Guarantor, if any, in the Guarantee Contract, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may reasonably deem relevant.
- (b) The Borrower, directly or through the Executing Agency, if any, shall have designated one or more officials to represent it in all acts relating to the implementation of this Contract and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (c) The Borrower, either directly or through the Executing Agency, if any, shall have demonstrated to the Bank that sufficient resources have been allocated to cover, at least during the first calendar year, the execution of the Project in accordance with the investment schedule referred to in the following paragraph. If this Financing constitutes a continuation of the same lending operation, the earlier stage or stages of which the Bank is financing, the obligation set forth in this paragraph shall not be applicable.
- (d) The Borrower, either directly or through the Executing Agency, if any, shall have presented to the Bank an initial report prepared in the form indicated by the Bank, which shall serve as the basis for the preparation and evaluation of the progress reports referred to in Article 7.03(a)(i) of these General Conditions. In addition to such other information as the Bank may reasonably request pursuant to the provisions of this Contract, the initial report shall set forth: (i) a plan for implementation of the Project including, except with respect to a program for the granting of credits, the plans and specifications deemed necessary by the Bank; (ii) a calendar or schedule of work or granting of credits, as the case may be; and (iii) a table of the source and use of funds setting forth a detailed schedule of investments in accordance with the categories of investment established in Annex A of this Contract and an indication of the annual contributions needed from the various sources of funds from which the Project will be financed. If this Contract permits the recognition of expenditures made prior to its

signature or to that of the Resolution authorizing the Financing, the initial report shall include a statement of the investments and, in accordance with the objectives of the Financing, a description of works carried out under the Project or a statement as to credits granted, as the case may be, up to a date immediately preceding to the report.

- (e) The Borrower or Executing Agency shall have presented to the Bank the plan, catalog or code of accounts referred to in Article 7.01 of these General Conditions.
- (f) The official auditing agency referred to in the Special Conditions shall have agreed to perform the auditing function foreseen in Article 7.03(b) of these General Conditions and in the Special Conditions, or the Borrower or the Executing Agency shall have agreed with the Bank with respect to a firm of independent public accountants to perform the above functions.

**ARTICLE 4.02. Period for Fulfilling the Conditions Precedent to First Disbursement.** If within one hundred eighty (180) days from the effective date of this Contract, or within such longer period as the parties may agree in writing, the conditions precedent to the first disbursement established in Article 4.01 of these General Conditions and in the Special Conditions have not been fulfilled, the Bank may terminate the Contract by giving notice to the Borrower.

**ARTICLE 4.03. Requisites for All Disbursements.** For the Bank to make any disbursement, it shall be necessary that: (a) the Borrower, or the Executing Agency, if any, shall have submitted in writing a disbursement request and, in support thereof, shall have supplied to the Bank such pertinent documents and other background materials as the Bank may have required. Requests must be presented no later than thirty (30) calendar days in advance of the date of expiry of the term for disbursement or of any extension thereof which the Borrower and the Bank may have agreed to; (b) none of the circumstances described in Article 5.01 of these General Conditions shall have occurred; and (c) the Guarantor, if any, shall not be in non-compliance for more than one hundred twenty (120) days with any obligation to make payments to the Bank on any Loan or Guarantee.

**ARTICLE 4.04. Disbursements for Technical Cooperation.** If the Special Conditions contemplate the financing of expenses for technical cooperation, the disbursements therefor may be made once the conditions established in Article 4.01(a) and (b) and in Article 4.03 of these General Conditions have been fulfilled.

**ARTICLE 4.05. Charges for the Inspection and Supervision Fee.** The Bank shall withdraw from the resources of the Financing and allocate to the Bank's general account the amount or amounts specified in the Special Conditions for inspection and supervision. Such action shall not require a disbursement request by the Borrower or the Executing Agency and may be undertaken once the conditions precedent to the first disbursement have been fulfilled or upon the occurrence of the first payment date for the Credit Fee, whichever occurs first.

**ARTICLE 4.06. Disbursement Procedures.** The Bank may make disbursements against the Financing: (a) by transferring to the order of the Borrower the sums to which it is entitled under this Contract; (b) by making payments on behalf of and in agreement with the Borrower to other banking institutions; (c) by establishing or replenishing the Revolving Fund referred to in Article 4.07 below; and (d) by utilizing such other method as the parties may agree upon in writing. Any banking expenses that may be charged by a third party in connection with disbursements shall be borne by the Borrower. Unless the parties otherwise agree, disbursements shall be made only in amounts of not less than the equivalent of fifty thousand United States of America dollars (US\$50,000) each.

**ARTICLE 4.07. Revolving Fund.** (a) By charge to the Financing and upon fulfillment of the requirements set forth in Articles 4.01 and 4.03 of these General Conditions and the pertinent requirements established in the Special Conditions, the Bank may advance resources of the Financing for the purpose of establishing, increasing or replenishing a Revolving Fund to defray costs pertaining to the execution of the Project which, pursuant to provisions of this Contract, are eligible for Financing with such resources.

(b) Except by express agreement between the parties, the amount of the Revolving Fund shall not exceed 5% of the amount of the Financing. Upon justified request, the Bank may increase or replenish the Revolving Fund as the resources are used, provided that the requirements of Article 4.03 of these General Conditions and those which may be established in the Special Conditions have been fulfilled. The Bank may also reduce or cancel the Revolving fund should it determine that the resources provided through the Revolving fund exceed the needs of the Project. The establishment and the replenishment of the Revolving Fund shall be regarded as disbursements for the purposes of this Contract.

(c) The plan, catalog or code of accounts that the Borrower of Executing Agency must present to the Bank in accordance with Article 4.01(e) of these General Conditions shall indicate the accounting method used by the Borrower to verify the transactions and statements of account of the Revolving Fund.

(d) Not later than thirty (30) days prior to the date agreed upon for the final disbursement of the Financing, the Borrower shall present a final justification of the use of the Revolving Fund and return any unused portion thereof.

**ARTICLE 4.08. Availability of Local Currency.** The Bank shall be obliged to make disbursements to the Borrower in local currency only to the extent that the respective depository of the Bank has placed such currency at its effective disposition.



For the Borrower:

Mailing address:

Ministry of Finance  
Main & Urquhart Streets  
Georgetown, Guyana  
South America

Facsimile: (592) 226-1284

For matters related to execution of the Programme:

Mailing address:

Ministry of Home Affairs  
Brickdam Stabroek  
Guyana  
South America

Telephone: (592) 225-7270

Facsimile: (592) 227-4806

For the Bank:

Mailing address:

Inter-American Development Bank  
1300 New York Avenue, N.W.  
Washington, D.C. 20577  
U.S.A.

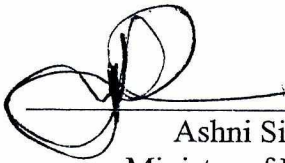
Facsimile: (202) 623-3096

**CHAPTER VII**  
**Arbitration**

**SECTION 7.01** **Commitment to Arbitrate.** For the solution of any controversy which may arise out of this Contract and which is not resolved by agreement between the parties, they unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Chapter IX of the General Conditions.

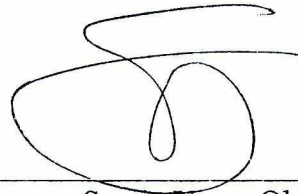
IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Contract, in two (2) equally authentic copies in Georgetown, Guyana, on the date above written.

CO-OPERATIVE REPUBLIC  
OF GUYANA



Ashni Singh  
Minister of Finance

INTER-AMERICAN DEVELOPMENT  
BANK



Sergio Varas-Olea  
Representative in Guyana

**THE ANNEX****THE PROGRAMME****Citizen Security Programme****I. Objective**

- 1.01** The objective of the Programme is to enhance citizen security and coexistence by contributing to the reduction in levels of crime, violence and insecurity in Guyana.
- 1.02** The specific objectives of the Programme are to: (a) identify, prevent and counteract risk factors and increase and promote protective factors in communities, families and individuals; (b) strengthen the capabilities of the Ministry of Home Affairs ("MoHA") and the Guyana Police Force ("GPF") to implement crime preventive and crime fighting programmes at the national and local levels; and (c) strengthen social cohesion within communities and their preventive capacity.

**II. Description**

- 2.01** In order to achieve the objectives mentioned in section I above, the Programme will finance the implementation of the following components:

1. Capacity building of the Ministry of Home Affairs

- 2.02** The objective of this component is to strengthen the MoHA's capacity in: (i) the formulation, execution and evaluation of evidence-based policies; and (ii) human resource development and the improvement of the overall institutional performance of the MoHA. To achieve this and as part of the medium term strategy of the Programme, this component will finance technical assistance, training, computer equipment and software to design, develop and implement the following:

(a) An integrated crime and violence information system (Crime Observatory) to monitor trends in crime and violence, facilitate information exchange, plan strategically, and support the development and evaluation of public policy responses in Regions IV and VI. This will entail the following: (i) new data system and geo-reference mapping; (ii) applied training in statistical analysis and problem identification; and (iii) data links to information generated by forensic medicine, the prosecution office and the Guyana Revenue Authority ("GRA"); and (iv) surveillance system of external causes of injuries and deaths. This system will routinely collect a minimum set of information about the circumstances of events. A minimum data set will be established. A reportable case is defined as a person who died from, or was treated for

an unintentional or violence-related injury. Unintentional injury cases include burns, car accidents, falls, and pedestrian injuries, among others. Violence-related cases include assaults, mutual fights, acts of self-defense against the aggressor, injuries inflicted by law-enforcement or military personnel, and attacks intended for another victim.

(b) The development of evidence based policies and interventions that address risk factors identified. This activity will address issues related to capacity for training, development of policies, recommending legal reforms and formulating plans related to reducing violence and crime, and conducting educational and media campaigns. Resources of the Financing will be used to finance the following studies: Review of Policies and Procedures with regard to the issuance of official documents (birth certificates, driver's licenses, passports and identification cards); updating Immigration Policy and Plans; and updating the strategic plans for the institutions attached to the MoHA.

(c) Evaluations to assess the impact of the interventions implemented, during and after the Programme.

(d) Training of the Policy and Research Unit ("PRU") staff and a cadre of local young professional interns of varied disciplinary backgrounds to support the Policy and Research Unit. This hands-on training, complemented by a post-secondary level course, will be related to how to develop, implement, evaluate and disseminate varied types of crime and violence prevention policies, programmes, and strategies, along with the fundamentals of collaborative partnership building. This will assure a continuum of trained staff for the PRU.

**2.03** This component will also finance two additional national surveys (Realizing Safe Neighborhoods Survey) to inform future policies and provide data against which Programme effects can be measured (in addition to data generated by the Crime Observatory). Survey information captures: (a) prevalence of aggressive and other violence-related behaviors; (b) personal attitudes toward aggression; (c) self-efficacy for alternatives to violence; (d) public perceptions of social institutions and the government; (e) violence victimization in the family and in the community, and by type of crime; (f) community experiences with policing; and (g) household socio-demographic information, inter alia.

**2.04** Technical assistance, equipment and software will be financed to improve the overall institutional performance of the MoHA through the development and implementation of : (i) an overall Strategic Action Plan; (ii) Annual Plans of Operations consistent with the Strategic Action Plan; (iii) a new organizational structure, including new job profiles, to enable the MoHA to respond to the mission and vision articulated in the Strategic Action Plan and achieve the goals and objectives defined in the Annual Plan of Operations, including new initiatives such as crime prevention and community interventions, among others; (iv) an integrated human resource management system consistent with public service management systems with computer application, for performance-based evaluation of staff

(and as part of this system a comprehensive and sustainable training programme aimed at improving efficiency and effectiveness due to increased or updated knowledge); (v) an internal audit system, based on modern internal control functions and risk analysis (in order to enhance in the short-run MoHA's internal audit capacity, an Internal Field/Audit Officer will be hired to provide financial and procedural audit capability consistent with public sector procedures programme); (vi) an integrated financial administration system consistent with national public sector systems and regulations, integrating budget, treasury, accounting and acquisitions functions supported by the Integrated Financial Management and Accounting System; (vii) develop secure systems of processing, and producing national documents (birth and death certificates, marriage licenses, vehicles licenses, driver's licenses, and passports) that promotes transparency and improve efficiency of service delivery; (viii) a communications and public relations strategy, to strengthen MoHA's image and its roles in relation to other national organizations; (ix) rehabilitation of physical infrastructure of the MoHA and acquisition of IT equipment/capability; and (x) community development initiatives.

## 2. Capacity building and modernization of the GPF

- 2.05** The objective of this component is to transform the GPF from an incident-driven, reactive institution to one that relies on the analysis of patterns, incidents and problems in order to understand the characteristics and causes of incidents, which will ensure sustainable solutions. To achieve this, the component will finance technical assistance, equipment and rehabilitation of infrastructure to develop and implement the following: (i) an integrated crime information system; and (ii) a comprehensive training scheme (professional standard of training and training of trainers) in: (a) investigation and detection of crime; (b) information management (how to record, handle and use the data in a proactive manner); (c) recruit training; (d) case management; (e) ethnic and human rights; and (f) strengthen internal and external accountability mechanisms.
- 2.06** This component will also finance technical assistance to strengthen the traffic department and develop a new urban traffic management plan. It will include proposals for revisions of the legislation governing road safety including partnering with community groups and local government bodies; training for the GPF to enforce legislation, educating the public on road safety; implementation of traffic management standards, accident investigation and reconstruction. These activities will be coordinated with the Road Safety Unit of the Ministry of Public Works and Communication (Work Services Group).
- 2.07** This component will also finance the modernizations of physical infrastructure such as the construction of a new crime laboratory (including equipment) and the construction of a new training facility. This component will also finance the remodeling and refurbishing of police stations to improve service to citizens reporting crimes (especially in protecting identities and

taking reports, for instance, in domestic abuse cases, but excluding detention facilities) and improving crime prevention capabilities.

- 2.08** Technical assistance, equipment and software will also be financed to improve the overall institutional performance of the GPF through the development and implementation of: (i) a new organizational structure; (ii) a results-oriented planning model, integrated with budget operations and supported by ICT; (iii) an internal audit model, based on modern internal control functions and risk analysis auditing consistent with public sector systems; (iv) an integrated human resource management system; (v) a financing model consistent with national systems and regulations, integrating budget, treasury, accounting and acquisitions functions supported by a computer application; (vi) corporate programmes and public education campaigns to strengthen its image and build public confidence; and (vii) developing sustainable partnerships with communities.

### 3. Community action

- 2.09** The objective of this component is to implement social development interventions addressing crime and violence prevention in disadvantaged, low-income neighborhoods of Regions IV and VI. All communities from Region IV and VI are eligible. The first five communities identified are: Port Mourant, Rose Hall, Annandale, Buxton and Sophia. Another 5 will be identified according to the following established selection criteria: (i) volume and variance in crime and violence problems; (ii) ethnic/racial representation and demonstrated willingness to work cohesively; (iii) size (between 3,000-17,000 residents); and (iv) availability of community assets. Communities will need to describe past activities conducted and/or demonstrate willingness through the submission of letters of commitment from respective community leaders, groups and organizations. Community assets will be obtained through: (a) mobilization and planning; (b) systematic assessment to identify violence problems and prevention assets in the community; (c) the identification, ranking and prioritization of focus areas, existing resources and most suitable solutions; (d) development of project plans to implement solutions with goals and objectives; and (e) monitoring and evaluating the strategies and solutions. This 5-step process gives each community a voice in recommending initiatives of highest relevance. The MoHA, through the PIU, will do the final selection of the proposal initiatives.

**2.10** The component will finance for those communities selected, technical assistance and equipment and minor rehabilitation in the following areas:

(a) Mobilization of communities. Experts in resident engagement and mobilization will be contracted to assist in: (i) development, and implementation of actions for engaging the community; (ii) conducting assessments; and (iii) monitoring project performance. These experts will also train local voluntary workers to develop Community Promoters for Citizen Co-existence, to address the shortfall of trained professionals. Training in core competencies in violence and crime prevention, community organizing, basic crisis intervention, resident engagement, advocacy, fundraising and evaluation, and how to build local infrastructures of expertise for collective violence prevention activity will be provided by experts. The training will provide guidance on violence issues identified in the community assessment, such as: most effective ways to approach the prevention of violence; how to work in partnership with police to improve police-community relations, access existing resources; care for neighbors who have been impacted by violence; education about their rights and responsibilities under the law; parenting skills, and anger management for teens, among other activities. The Curriculum and tools developed will be illustrated, accessible, and culturally sensitive.

(b) Community Violence Prevention Services. Programme resources will finance a menu of prevention activities in the selected communities of Regions IV and VI that address crime and violence problems identified in the community assessments such as: (i) factors leading to child abuse, dating violence and delinquency and violent offending and intimate partner violence; (ii) situational crime prevention (such as the creation of safe community spaces, community gardens, and exterior lighting, among others); and (iii) improvement of formal services provided by various sectors (such as health, education, human services, youth and sports and local government, private sector and police). Activities funded will target individual, relationship, community and societal level contexts. Not all services will be provided in each community. The Project Implementation Unit ("PIU"), Community Action Specialist, and violence prevention experts will help narrow the scope of services selected, in order to favor short-term impact, low cost interventions to yield greater efficiency and more visible results, and interventions that seek to reduce immediate triggers of criminal and violent behavior in the various communities. Programme resources will not finance the following: routine road infrastructure construction and rehabilitation; vehicles; construction of buildings; or any control intervention.

(c) Strengthening community based multi-service centers, as hubs to house community activities within existing, or underused or unused facilities. They will be house materials and serve as a meeting space and coordination site for community and other participants. Centers will be staffed by community residents in partnerships with the Ministry of Local Government, hired on a stipend basis. Programme resources will also finance computer equipment and a crime and violence prevention library.

### III. Total Cost of the Programme and Financing Plan

3.01 The estimated cost of the Programme is the equivalent of twenty two million dollars (US\$22,000,000), in accordance with the following investment categories and sources of financing:

#### Cost and Financing (in thousands of US\$)

CATEGORIES	BANK	BORROWER	TOTAL	% TOTAL
<b>1. Administration</b>	<b>2000</b>	<b>200</b>	<b>2200</b>	<b>10,0%</b>
1.2.1 Project Implement Unit	2000	200	2200	10,0%
<b>2. Direct Costs</b>	<b>15855</b>	<b>1281</b>	<b>17136</b>	<b>77,9%</b>
<b>2.1 Capacity Building MoHA</b>	<b>4480</b>	<b>177</b>	<b>4657</b>	<b>21,2%</b>
2.1.1 Crime Oserv. Tech Assist, Soft	915	0	915	4,2%
2.1.2 Policies, Intev & Media Camp	1300	50	1350	6,1%
2.1.3 Impact evaluations	500	0	500	2,3%
2.1.4 Staff and young prof training	575	57	632	2,9%
2.1.5 National Surveys	240	0	240	1,1%
2.1.6 Strength Administ Areas	600	0	600	2,7%
2.1.7 Phsyical Infrast. & IT Equipment	350	70	420	1,9%
<b>2.2 Capacity Building GPF</b>	<b>7950</b>	<b>763</b>	<b>8713</b>	<b>39,6%</b>
2.2.1 Data Collection and Analysis	250	15	265	1,2%
2.2.2 Staff Training	1600	100	1700	7,7%
2.2.3 Traffic management	100	20	120	0,5%
2.2.4 Buildings IT and Lab equip	5000	528	5528	25,1%
2.2.5 Strength, Administrative Areas	1000	100	1100	5,0%
<b>2.3 Community - Based Interven</b>	<b>3425</b>	<b>341</b>	<b>3766</b>	<b>17,1%</b>
2.3.1 Mobil. Of comm. And build coh	620	61	681	3,1%
2.3.2 Violence prevention services	2655	265	2920	13,3%
2.3.3 Multi-purpose facilities	150	15	165	0,8%
<b>3. Concurrent Costs</b>	<b>1275</b>	<b>0</b>	<b>1275</b>	<b>5,8%</b>
3.1 PROPEF	1000	0	1000	4,5%
3.2 Monitoring and Supervision	200	0	200	0,9%
3.3 Auditing	75	0	75	0,3%
<b>SUB TOTAL</b>	<b>19130</b>	<b>1481</b>	<b>20611</b>	<b>93,7%</b>
<b>3. UNALLOCATED</b>	<b>472</b>	<b>0</b>	<b>472</b>	<b>2,1%</b>
3.1 Contingencies	472	0	472	2,1%
<b>4. FINANCIAL EXPENSES</b>	<b>198</b>	<b>719</b>	<b>917</b>	<b>4,2%</b>
4.1 INTERESTS	0	514	514	2,3%
4.2 COMMITMENT FEE	0	205	205	0,9%
4.3 F.I.V.	198	0	198	0,9%
<b>TOTAL</b>	<b>19800</b>	<b>2200</b>	<b>22000</b>	<b>100,0%</b>
% AÑOS/PROYECTO	90,0%	10,0%	100,0%	



#### **IV. Execution**

- 4.01** The Programme will be executed by the MoHA, which will delegate responsibility for implementation to a Project Implementation Unit (“PIU”) attached to the MoHA for this purpose. The PIU will be responsible for operational and financial administration, including planning, coordination, supervision and monitoring of all aspects of the Programme implementation, as well as report preparation, procurement, disbursement of the Programme resources and interface with the Bank and Borrower officials, as well as strengthening the Policy Research Unit (“PRU”). The PIU will ensure that all aspects of the Programme Operating Regulations are duly adhered to.
- 4.02** The MoHA will implement the Programme in partnership with Social Sector line Ministries (MoCYS, MoLHSSS, MoEd, MoH, Ministry of Regional Development), with the management and coordination responsibilities being delegated to the Coordinator of the PIU. The PIU is comprised of a Coordinator (reporting to the Permanent Secretary of the MoHA) acting as a Programme Manager; an information technology specialist responsible for providing technical support regarding the implementation of the different information systems; a community action specialist responsible for overall community action activities; a financial specialist responsible for the financial administration; a procurement specialist responsible for the acquisition of all goods and services; and an administrative assistant to provide support to the PIU. If needed the PIU will hire additional administrative assistance.
- 4.03** The responsibilities of the PIU will be as follows: (i) prepare annual operating plans and monitor the implementation of Programme activities; (ii) ensure the achievement of outcomes through the monitoring of indicators; (iii) ensure implementation of the different components in a coordinated manner; (iv) prepare revised procurement plans semi-annually, as well as, the procurement of goods and contracting of services; (v) coordinate the preparation of technical reports and the semi-annual reports; (vi) maintain separate and specific bank accounts for managing the resources of the Financing and local counterpart funds; (vii) submit timely disbursement requests and the corresponding justification of expenses; (viii) implement and maintain adequate systems for the management of contracts and finances, and internal controls with respect to the management of the Programme, in accordance with the Bank’s requirements; (ix) prepare and submit Programme financial reports required by the Bank, including the financial statements of the components of the Programme under their responsibility; and (x) maintain an adequate documentation filing system to support eligible expenses to be examined by the Bank and the external auditors.
- 4.04** Two change managers will be appointed to oversee the modernization of the GPF and the MoHA, and their work will be coordinated by the PIU. The change manager of the MoHA will be a senior ranking staff member selected by the MoHA and supported by an international expert in institutional modernization. The international experts to design and

implement the modernization process will be contracted by the PIU, who will also monitor the process.

- 4.05** The change manager of the GPF will be a high-ranking police officer selected by the Police Commissioner and supported by an oversight commission of international experts in police reform. Each area of reform of the GPF (human resource, financial management, institutional management and information) will also have a police officer as a leader of the implementation of the modernization process. The oversight commission of international experts will be contracted by the PIU to provide support to the change team. The work of this team will be coordinated by the PIU at the Ministry of Home Affairs. The specific responsibilities of the change teams or change leaders will be to assist in the preparation or review of terms of reference for the consulting services, provide technical evaluation of proposals, review technical reports and assist the PIU in the preparation of the annual operating plans by providing, monitoring indicators of the modernization process. MoHA, with the support of the PIU, will monitor the implementation of the modernization process. In relation to the equipping, redesign and rehabilitation of police stations, training facility and construction of the crime laboratory, the Planning, Maintenance and Construction Departments of the GPF will be responsible for the supervision of the contractors hired to perform the different works.
- 4.06** In relation to the Crime Observatory, primary data collected (from the GPF and Georgetown Hospital) will be corroborated and validated by an already established Operations Committee. The Policy and Research Unit will be the secretariat of the Operations and the Policy Committees. Members of the Operations Committee are: MoHA, whose representative chairs the monthly meetings; representatives of the Guyana Police Force responsible for crime and traffic data; a representative from the Hospital Medical Records unit from the Georgetown Public Hospital; and an epidemiologist and/or representative of the Statistical Unit.
- 4.07** A high level Policy Committee ("PC") chaired by the Minister of Home Affairs will be established. It will review the information from the Crime Observatory and the Operations Committee in order to take decisions with regard to evaluating policy design and impact and initiate strategic plans for the prevention and control of violence and unintentional injury prevention. Members of this committee are: Minister of Home Affairs; Police Commissioner, Minister of Health, Public Prosecutor, Minister of Education; Minister of Labor, Human Services and Social Security; Ministry of Regional Planning; as well as the representative of the private sector, and representatives of Faith-Based Organizations. The Policy Research Unit in the MoHA will act as the secretariat for the meetings with support from the PIU.
- 4.08** The implementation of the Community Action component will be led by the Community Action Specialist of the PIU with support from the PRU. The PIU will supervise the implementation of this component and report to the Permanent Secretary. Selection of

communities, community mobilization and assessments, and project priority identification and selection will be conducted in accordance with the procedures established in the Programme's Operating Regulations and resource manual agreed between Guyana/MoHA and the Bank.

- 4.09** Responsibility for the monitoring and supervision of the respective components in the observatory will be assigned to a Research Officer within the MoHA's Policy and Research Unit. The Research Officer will receive training in the implementation of the monitoring system based on the Programme "Logical Framework" model. The PIU has overall supervision and evaluation responsibility.
- 4.10** Responsibility for internal audit of the Programme will be assigned to an Internal Auditor within the Administrative Division of the MoHA. This individual will provide internal controls for both financial as well as procedural matters and will help ensure that approved procedures are adhered to as specified in the Programme Operating Manual and in accordance with the financial regulations and laws of Guyana.
- 4.11** Implementation of the Community Action Component: MoHA will conduct a workshop for prospective communities. It will include an overview of the Citizen Security Programme and Community Action Component; the criteria for community selection, and a presentation on the mobilization and planning requirements and assessment steps needed. Workshop participants will have an opportunity to engage in a local violence analysis and planning work session facilitated by the PIU. Applicant communities must be represented by diverse teams of at least 12 individuals willing to serve as part of the CAC (such as Neighborhood Development Council ("NDC") leaders, police, educator, citizen leader, women's group, youth, local business or religious leader, concerned parent). CAO candidates should also be identified as part of the application package. Community applicants must present evidence that they obtained the support of an NDC or neighborhood NGO to cover recurrent costs related to activities to be financed by the Programme.
- 4.12** A Community Action Officer ("CAO") will be contracted by the PIU for each selected community. The CAO will be overseen by the Community Action Specialist at the PIU. CAOs will facilitate the project preparation activities related to Community action component, liaise and serve as the local focal point for their communities, establishing formal and informal linkages with community-based associations and organizations.
- 4.13** The CAOs and CACs will be trained to: 1) help each community articulate and prepare a proposal for a rapid impact projects (up to US\$5,000 per community); 2) identify and prepare community violence prevention services proposals from the priority crime and violence problems identified in the needs assessment. CAOs will work jointly with CACs, PIU and Community Action Specialists and experts to choose which priority projects are proposed under the community assessment. Priority will be given to projects based on: (a) the severity

of crime and/or violence addressed; (b) frequency and rates (including rates of change) or violence addressed; (c) types of problems that pose the greatest risk; (d) types of problems that cause people greatest concern; (e) types of problems that have the greatest impact and reduction potential based on existing best practice; (f) cost and sustainability; and (g) builds on local capacity. The PIU will approve the final community assessment and the list of projects to be financed. Up to US\$150,000 will be available for violence prevention services for each community.

**V. Monitoring and supervision**

- 5.01** The Policy and Research Unit, through a research officer will be in charge of monitoring the performance and progress of Programme implementation. Programme monitoring will be based on the implementation of annual operating plans. On November 30th of each year, the PIU will prepare an operating plan for the following year. This plan will also contain an evaluation of the results obtained during the previous period, and if needed, include a justification and recommended actions regarding the goals not achieved during the period in question. The annual review by the MoHA and the Bank will also evaluate progress in the implementation of the activities related to capacity building of the MoHA, capacity building of the GPF and in the efficacy of evidence-based national policies and implementation of community actions. The first operating plan will be part of the initial report of the Programme. The monitoring of the Programme will evaluate the extent of the implementation of the agreed chronogram of activities, as well as contractual conditions and indicators included in the "Logical Framework". The monitoring and supervision system will entail the following: (i) collect and systematize information regarding the progress of implementation of activities and availability of funds; (ii) maintain up to date information regarding the implementation of the Programme's activities; and (iii) systematize the information emanating from the different evaluations of Programme's activities.
- 5.02** The Policy and Research Unit will receive specialized training to take on the responsibility for conducting impact evaluation during the execution of the Programme. Resources of the Financing will be used to finance technical assistance for the design and implementation of these evaluations. The methodology to carry out these evaluations will be agreed upon between the Executing Agency and the Bank.