

LOAN CONTRACT No.1751/SF-GY

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

**Support for Competitiveness Program
(Investment Component)**

March 20, 2007

LOAN CONTRACT

SPECIAL CONDITIONS

INTRODUCTION

Parties, Purpose, Constituent Elements, and Executing Agency

1. PARTIES AND PURPOSE OF THE CONTRACT.

CONTRACT entered into on March ~~20~~, 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 the investment component of a program to support competitiveness (hereinafter referred to as the "Program"). The major aspects of the Program 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 or the Annex, specific rules shall prevail over general rules.

(b) Rules relating to amortization, interest, credit fee, inspection and supervision and disbursement clauses, as well as other conditions related to the execution of the Program 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 Program and the utilization of the resources of the financing granted by the Bank shall be carried out in their entirety by the Borrower, through the Ministry of Tourism, Industry and Commerce (hereinafter referred to as the "Executing Agency" or "MINTIC").

CHAPTER I

Costs, Financing and Additional Resources

SECTION 1.01 Cost of the Investment Component. The total cost of the Investment Component of the Program is estimated to be the equivalent of nine million dollars of the United States of America (US\$9,000,000). 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 eight million six hundred and fifty thousand dollars (US\$8,650,000) or the equivalent thereof in other currencies forming part of such resources, except the currency of the Borrower. 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 Program, is estimated to be the equivalent of three hundred and fifty thousand dollars (US\$350,000), although this estimate shall not imply any limitation or reduction of the Borrower's obligation 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 ten (10) years and six (6) months from the date of signature of this Contract, taking into account the provisions of Article 3.01 of the General Conditions, and the last installment shall be paid no later than forty (40) years from the same date.

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 10th anniversary of the date of signature of this Contract, and 2% per annum thereafter. Interest shall accrue from the date of each respective disbursement. The first payment shall be due six (6) months from the date of signature of this Contract.

SECTION 2.03 Resources for General Inspection and Supervision. From the amount of the Financing, the sum of eighty-six thousand five hundred dollars (US\$86,500) 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 the equivalent thereof in other currencies of the Fund for Special Operations, except that of the Borrower, to pay for goods purchased and services hired 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 the member countries of the Bank.

SECTION 3.02 Conditions Precedent to First Disbursement. In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions, the first disbursement of the resources of the Financing shall be subject to the fulfillment, by the Borrower, to the Bank's satisfaction, of the following requirements:

- (a) Submission to the Bank of evidence that the Program Execution Unit (PEU) has been created within the MINTIC and staffed as set forth in Section 4.03 of the Annex hereto;
- (b) Submission to the Bank of evidence that the Program Steering Committee has been established;
- (c) Submission to the Bank of evidence that the Program Operations Manual, drafted in accordance with a text previously approved by the Bank, has been adopted; and
- (d) Submission to the Bank of the Annual Operating Plan (AOP) for the first year of Program execution.

SECTION 3.03 Other Special Conditions. Prior to committing more than fifty percent (50%) of the resources of the Financing on the payment of goods or services, the Borrower shall submit to the Bank evidence that it has allocated, in its national budget, sufficient resources to cover expenditures relating to the additional staff assigned to Go-Invest and MINTIC who are financed with the resources of the Investment Component of the Program, in the same proportion as the Bank's phasing out of the financing of such costs.

SECTION 3.04 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 Program 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, by the Borrower, of the conditions precedent to first disbursement of the resources of the Financing set forth in Section 3.02 hereinabove 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 1649/SF-GY, including the amount equivalent to eight hundred thousand dollars (US\$800,000) in principal and the respective interest and commissions. The amount equivalent to eight hundred thousand dollars (US\$800,000) in principal shall be restored to the Project Preparation and Execution Line of Credit PPF/010-GY.

SECTION 3.05 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 3.06 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 10% of the amount of the Financing.

(b) The reports on the execution of the Program which the Borrower shall submit to the Bank, in accordance with Article 7.03 of the General Conditions, shall include the financial and accounting information about the management of the Revolving Fund resources.

CHAPTER IV

Execution of the Program

SECTION 4.01 Procurement of Goods. 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"), with which the Borrower confirms its familiarity, and the following provisions of this Section:

(a) International Competitive Bidding: Except as otherwise provided in subsection (b) of this Section, 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 thereto. The Program does not contemplate the financing of works. When comparing bids, the provisions of paragraphs 2.55 and 2.56, and of Appendix 2 of the Procurement Policies, regarding the domestic margin of preference, shall apply to goods manufactured in the Borrower's country. For the purposes of this clause, goods manufactured in the Borrower's country will receive a 15% margin of preference.

(b) Other Procurement Procedures: (i) Limited International Bidding may be used, in accordance with paragraph 3.2 of the Procurement Policies, for the acquisition of software and the hiring of consulting services under component three (Enhancing investment attraction, export promotion and raising production standards) to enable Go-Invest to apply for membership in the World Trade Points Federation ; (ii) National Competitive Bidding may be used , in accordance with the provisions of paragraphs 3.3 and 3.4 of the Procurement Policies, for the acquisition of goods estimated to cost less than one hundred thousand dollars (US\$100,000) equivalent per contract provided the Borrower's procurement legislation and regulations comply with the criteria of transparency, efficiency and economy set forth in the Procurement Policies; and (iii) Shopping may be used, in accordance with paragraph 3.5 of the Procurement Policies, for the acquisition of goods estimated to cost less than the equivalent of twenty-five thousand dollars (US\$25,000).

(c) **Additional Procurement Requirements:** The Borrower shall carry out the procurement of goods in accordance with the general plans, technical, social and environmental specifications, budgets and other documents required for the corresponding acquisition.

(d) **Procurement Planning:** Prior to the issuance of any invitations to prequalify or to bid for contracts, the Borrower shall submit to the Bank, for its review and approval, the proposed procurement plan for the Program, in accordance with the provisions of paragraph 1 of Appendix 1 to the Procurement Policies. This plan shall be updated every twelve (12) months during Program execution, and shall be submitted to the Bank for its review and approval at least thirty days prior to the expiration of each calendar year. The procurement of all goods shall be undertaken in accordance with such procurement plan as it shall have been approved by the Bank, and with the provisions of said paragraph 1 of Appendix 1 to the Procurement Policies.

(e) **Prior Review:** The following 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 to the Procurement Policies:

- (i) Contracts for the procurement of goods with an estimated total cost above twenty-five thousand dollars (US\$25,000);
- (ii) All direct contracting;
- (iii) All sole source contracting; and
- (iv) Contracts for non-consulting services with an estimated cost above thirty thousand dollars (US\$30,000).

(f) **Post Review.** With respect to each contract not governed by subsection (e) hereinabove, the procedures set forth in paragraph 4 of Appendix 1 to the Procurement Policies shall apply. The Borrower shall make available to the Bank evidence that it has complied with the requirements set forth in subsection (c) hereinabove.

SECTION 4.02 Maintenance of Goods. The Borrower undertakes to ensure that the goods included in the Program be adequately maintained, according to generally accepted technical standards.

SECTION 4.03 Reimbursement of Expenses Chargeable to the Local Counterpart. The Bank may recognize, as part of the local counterpart, expenditures incurred or which may be incurred in the Program 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 Selection and Contracting of Consulting Services. (a) The selection and contracting of consulting services shall be carried out by the Borrower 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

Borrower confirms its familiarity with the provisions of Document GN-2350-6. The Borrower will be able to use the methods 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 one hundred thousand dollars (US\$100,000) may be composed in its entirety by consultants who are nationals of Guyana.

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

SECTION 4.05 Modification of Basic Regulations. In addition to the provisions of Article 6.01(b) of the General Conditions, the parties agree that the Bank's written consent shall be required for any change in the Program Operations Manual and the Program's Annual Operating Plans.

SECTION 4.06 Compilation of Data. (a) The Borrower shall install at the PEU, within six (6) months from the date of the first disbursement of the resources of the Financing, a monitoring and evaluation system to determine the progress of the different activities under each Subcomponent of the Program. This monitoring and evaluation system shall be compatible with that developed by the National Competitiveness Strategy Unit of the MINTIC to determine progress in all competitiveness-related initiatives included in the National Competitiveness Strategy.

(b) The semiannual progress reports set forth in paragraph (a)(i) of Article 7.03 of the General Conditions shall evaluate the following: (i) the progress on achieving the Program's objective; (ii) the level of achievement with agreed upon performance indicators; (iii) the level of progress on the implementation of the Program; and (iv) problems encountered during the implementation of activities and the solutions adopted to resolve such problems. If the Bank finds the status of Program execution to be unsatisfactory, the Borrower shall submit a proposal with measures to correct the situation within thirty (30) days from the Bank's notification.

(c) When fifty percent (50%) of the resources of the Financing have been committed, an independent consultant hired by the Borrower shall provide sufficient information to enable the Bank and the Borrower to conduct a joint mid-term evaluation of the Program.

(d) When ninety-five percent (95%) of the resources of the Financing have been committed, an independent consultant hired by the Borrower shall provide sufficient information to enable the Bank and the Borrower to conduct a joint final evaluation of the Program.

CHAPTER V

Records, Inspections, and Reports

SECTION 5.01 Records, Inspections, and Reports. The Borrower agrees to 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 Program 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 the Bank's policies and procedures applicable to this matter.

(b) The resources of the Financing shall be used to cover the costs of the services to be provided by the firm referred to in subsection (a) of this Clause.

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 hereunder.

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:

For the Borrower:

For matters related to the Financing:

Mailing address:

Ministry of Finance
Main and Urquhart Streets
Georgetown, Guyana

Facsimile: (592) 227-3931

For matters related to Program execution:

Mailing address:

Ministry of Tourism, Industry and Commerce
229 South Road
Lacytown
Georgetown
Guyana

Facsimile: (592) 225-4310

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.

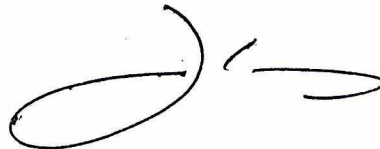
IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Contract in two (2) equally authentic originals in Guatemala City, Guatemala on the date above written.

CO-OPERATIVE REPUBLIC
OF GUYANA

INTER-AMERICAN DEVELOPMENT
BANK



Ashni Singh
Minister of Finance



Luis Alberto Moreno
President

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 paragraph (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 to 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.

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.

THE ANNEX**THE PROGRAM****Support for Competitiveness Program
(Investment Component)****I. Objective**

- 1.01** The overall objective of the Program is to enhance Guyana's competitiveness and contribute to the increase in the levels of private investment and exports in the country.
- 1.02** The specific Program objectives are: (a) to strengthen the institutions that will be engaged in the public-private dialogue on competitiveness; and (b) to improve the business environment for private investment and export development.
- 1.03** The resources of this Program will finance activities and complementary investments to assist the Borrower in achieving the competitiveness benchmarks identified in the sector reform program financed by the Policy-Based Loan 1750/SF-GY.

II. Description

- 2.01** The Program will finance activities under the following components: (a) Strengthening the institutional capacity to formulate and implement the National Competitiveness Strategy; (b) Improving the business climate; (c) Enhancing investment attraction, export promotion and raising production standards; and (d) Supporting private enterprise competitiveness for export development.
- (a) Strengthening the institutional capacity to formulate and implement the National Competitiveness Strategy**
- 2.02** Through this Component, the Program will provide support to strengthen the institutions that are involved in the definition, coordination, implementation and monitoring of the National Competitiveness Strategy (NCS).
- 2.03** The Program will provide support for the development of an effective public-private institutional framework to define and monitor competitiveness policy, with a focus on supporting the public-private advisory bodies, the National Competitiveness Council (NCC) and the National Competitiveness Strategy Competitiveness Unit (NCSU) of the Ministry of Tourism, Industry and Commerce (MINTIC).

2.04 This Component comprises the following subcomponents:

a. Support for public-private councils. The resources of the Program will finance technical assistance to the NCC, the National Advisory Committee on External Negotiations (NACEN), the Small Business Council (SBC), and the Investment Promotion Council (IPC). An international consultant with experience in the fields of public-private partnerships and competitiveness will be hired to provide support in connection with: (i) the drafting of internal procedures and first year action plans for the NCC and each council; (ii) the commissioning and analysis of technical proposals for policy reform to be submitted by the councils to the NCC; (iii) the mediation between each council and the National Competitiveness Strategy Unit of the MINTIC; and (iv) the decision-making process at the NCC, by sitting as a non-voting member and acting as facilitator for the first three years of Program execution.

b. Support for the National Competitiveness Strategy Unit. The Program will finance the hiring of staff and the acquisition of basic office equipment and supplies to enable the NCSU to launch its operations. Funding for these items will be provided on a decreasing scale, with 100% coverage for the first two years of the Program and 75%, 50% and 25% for the third, fourth and fifth years respectively. Additionally, the Program will support the introduction of a performance and evaluation system to monitor progress in the implementation of the NCS and to measure the achievement of targets. The Program will also provide technical assistance for: (i) training of the NCSU staff; (ii) funding of short term consultancies for the preparation of competitiveness policy proposals undertaken by the public-private advisory bodies, which will be administered by the NCSU and; (iii) the development of a website and the organization of Presidential Competitiveness Forums.

(b) Component 2: Improving the business climate

2.05 This Component includes the provision of technical assistance to support reforms aimed at improving the business climate for private investment and export development.

2.06 This Component comprises the following subcomponents:

a. Tax reform. The resources of the Program will finance a comprehensive tax study to assess the rationale behind the current tax structure and recommend formulas to, among others, reduce and unify the corporate income tax, import duties, and tax incentives, and reduce or eliminate export taxes in a way that boosts investment and does not unduly compromise government revenues. In a second stage, after recommendations of the study have been discussed between the Borrower and the Bank, and consulted with the International Monetary Fund (IMF), the consultants will prepare an action plan for implementation of the agreed recommendations.

b. Business Registration and Incorporation. The resources of the Program will finance a consultancy that will put together a four-year action plan for the modernization and

autonomy of the Deeds Registry. The final action plan will include at least: (i) a financial plan with a new schedule of fees and services, forecasts of fee revenues and the proportion of revenue to be used by the agency; (ii) the definition of a new organizational structure and human resources plan, including revised salary scales, and a fee structure based on results; and (iii) a training plan. Prior to recommending a final organizational structure, and issuing a final action plan, the consultancy will: (a) review the business processes to measure service delivery time and costs and the adequacy of accounting and administrative procedures; and (b) assess the existing organizational structure, workload, job functions and training needs. The resources of the Program will also finance technical assistance to the Deeds Registry for: (i) the digitalization of historical records and the creation of a database for business names and companies; and (ii) the establishment of linkages between the Deeds Registry and other government agencies, including the Guyana Revenue Authority (GRA).

c. Expediting exports and imports. The resources of the Program will finance a study to enable the Ministry of Finance to rationalize the external processes along the export and import supply chains. The study will make recommendations on how to solve specific issues related to process inefficiencies, redundancies, susceptibility to corruption, and high costs of execution and will include an action plan to reduce the time and costs involved in going through all the necessary steps to export and import. Additional funds will be available to implement the recommendations agreed between the Bank and the Borrower which will be included in an action plan.

d. Credit information sharing. The resources of the Program will finance technical assistance to the Bank of Guyana (BOG) to commission the following products: (i) a study that will include the drafting of a legal and regulatory framework for the creation of a credit bureau and the gathering and sharing of client credit information among financial institutions (ii) a report with alternatives and recommendations on the different institutional set-ups for a formal system of gathering and sharing information among financial institutions and a budgeted action plan for the implementation of these recommendations; and (iii) the guidelines to develop a formal system of exchange of credit-related client information among financial institutions. The resources of the Program will finance a workshop to discuss the recommendations on institutional set-ups with the participation of the pertinent associations (representing bankers, consumers, attorneys, etc.).

e. Consumer Protection and Competition Commission (CPCC). The resources of the Program will finance support for the creation of the CPCC in the following areas: (i) hiring of legal consultancy services to review the consistency of the Competition and Fair Trade bills with Guyana's commercial legislation and draft the necessary changes thereto; (ii) procurement of office equipment, and supporting training and internship programs for the staff of the CPCC in Jamaica and Barbados; (iii) awareness raising activities to facilitate the implementation of the newly developed legislation and policy, including training and an online toolkit for the strengthening of consumer associations; (iv) data collection and management of statistics at the market, sector and business levels to use as inputs for the production of material for case resolution and information diffusion; (v) workshops to open dialogue on specific issues at the national level; and (vi) participation in the CARICOM

policy coordination process to ensure harmonization of regional and national consumer protection and competition policies.

(c) Component 3: Enhancing investment attraction, export promotion and raising production standards

- 2.07** This Component will support activities to upgrade the services provided by the export and investment promotion agency, Go-Invest, and by the Guyana National Bureau of Standards.
- 2.08** This Component includes the following subcomponents:
- a. Strengthening of Go-Invest. The resources of the Program will finance technical assistance, training, and the purchase of hardware and software for Go-Invest so that it can improve its effectiveness and efficiency, and fulfill its expanded role of investment promotion, facilitation, image-building and export promotion.
- 2.09** The Program will support Go-Invest's institutional restructuring by financing technical assistance in the form of consultancies to: (1) develop a four year action plan which includes at least: (a) annual targets for each of its four areas of responsibility; (b) human and financial resources required to achieve the annual targets; and (c) an organizational strengthening plan in order to effectively fulfill the new mandate; (2) develop new operational procedures for Go Invest, including a performance based remuneration system for its officers; (3) develop and implement a performance management system to monitor progress made by account managers, including a system to track current and prospective investors at all stages of the investment process, and to monitor performance benchmarks; and (4) develop a regular client survey to determine levels of transparency and accountability.
- 2.10** Additionally, the resources of the Program will finance human resources development at Go-Invest including: (i) salaries of four investment/export officers and of two administrative officers and the purchase of basic office equipment and supplies for them to carry out their work (funding for these items will be provided on a decreasing scale, with 100% coverage for the first two years of the Program, and 75%, 50% and 25% for the third, fourth and fifth years, respectively); (ii) salary of an investment promotion advisor to counsel the CEO and the staff for two years on the best practices in investment generation and facilitation, and to design and implement a successful, pragmatic investment promotion strategy; and (iii) training of Go-Invest staff in specific topics to be determined in the organizational strengthening plan, including regional study tours to good practice investment promotion agencies for five staff members in the first year of execution of the Program and five staff members in the second year of execution of the Program.
- 2.11** The resources of the Program will also finance technical assistance for upgrading Go-Invest's export and investment promotion instruments, including: (i) a system to develop indicative investment attraction and export targets and a system to develop and update annual export plans; (ii) in-country image-building and product promotion activities in regional markets; (iii) proactive integrated investment attraction program to promote foreign direct investment;

and (iv) an export-readiness tool for private sector firms in order to diagnose the main bottlenecks they face in their export activity.

2.12 The resources of the Program will fund: (i) Go-Invest's membership in the World Trade Points Federation; (ii) the subscription to market intelligence software accessible to government agencies and entrepreneurs and related training (funding for these items will be provided on a decreasing scale, with 100% coverage for the first two years of the Program, and 75%, 50% and 25% for the third, fourth and fifth years, respectively); (iii) the hiring of a consultant to develop and submit the membership proposal and design the business plan and operational manual for a new center to house the software and make it accessible to government agencies and entrepreneurs; (iv) the procurement and placement of five computer terminals in the new center; and (v) the hiring of one technical staff to support the software and computer terminals.

b. Strengthening of the Guyana National Bureau of Standards (GNBS). The resources of the Program will finance technical assistance to strengthen specific areas of the Guyana National Bureau of Standards (GNBS) in order to enable it to implement the standardization and certification processes sponsored by the Caribbean Regional Organization of Standards and Quality, and to coordinate its activities with those of other agencies involved in export development. Support will include: (i) the development of the Strategic Plan for Standardization in Guyana, in coordination with key agencies and stakeholders; (ii) the procurement of equipment upgrades for the laboratories and other facilities at GNBS and the development of a training plan for GNBS staff, including training on ISO 9001, 14001 and 22000, ISO/IEC 17025 standards, auditing of standards, and scientific metrology; (iii) a communication campaign to raise awareness among firms on the need to comply with specific international standards for exports; and (iv) the strengthening of the training program for consultants and firms, to support the implementation of ISO and HACCP systems.

(d) Component 4: Supporting private enterprise competitiveness for export development

2.13 This Component will co-finance (in the form of matching grants) training and technical assistance to firms which are in the process of accessing international markets for purposes of exporting. Operating regulations for this Component, satisfactory to the Bank, will be adopted by the Borrower prior to the release of funds in the form of matching grants.

2.14 As a requirement to access the matching grants, firms must meet the following eligibility criteria: (i) be privately owned and legally constituted; (ii) have less than 100 employees; (iii) be in operation for at least one year; (iv) have export experience or be ready to start exporting; and (v) be willing to pay in cash the amount of the project not covered by the Program. Additionally, in order to receive support for the implementation of their business plans, firms will need to undertake an export-readiness assessment to determine the kind of support needed to enable them to access their target export markets. Technical support to the firms will be provided by national, regional and international consulting firms or individual consultants pre-registered in a database that will be compiled and updated by Go-Invest.

- 2.15** The Program will be accessible to firms and groups of firms in two different stages. The first stage will involve support to firms which have met the eligibility criteria, to conduct the export readiness assessment and to prepare a business plan. In order to request additional funding, firms will submit a business plan and a detailed description of the specific activities to be financed. It is expected that the Program will support up to 40 firms in the first stage and up to 25 firms in the second stage.
- 2.16** Eligible activities under the Program will include technical assistance and training in the areas of: (i) process and product development; (ii) improvement of quality and design of products and services; (iii) improvement in commercial, financial, environmental and strategic management; (iv) assessment and implementation of quality systems; and (v) access to markets and market intelligence, including assistance to international fairs and participation in international missions. The Program will co-finance a maximum of 50% of the project implementation cost for individual firms and 60% for groups of firms, with a cap for individual firms of US\$25,000 and of US\$120,000 for groups (or US\$30,000 per firm in a group).
- 2.17** Projects eligible for financing will be selected by a public-private board of seven members, with one representative of each of the following organizations: Go-Invest; Guyana National Board of Standards, New Guyana Market Corporation, the Private Sector Commission, the Small Business Association and the Guyana Manufacturers Association. The MINTIC will act as the chair of the board. Funding will be awarded in a batch and queue mechanism, on a first-come, first-served basis. The management of the matching grant program (one program director and one program official) will be housed in the MINTIC under the National Competitiveness Strategy Unit.

III. Total Cost of the Program and Financing Plan

3.01 The cost of the Program is estimated to be the equivalent of nine million dollars (US\$9,000,000), distributed in accordance with the following investment categories and sources of financing:

Cost and Financing

(in US\$ million)

Investment Loan Cost and Financing (US\$ Million)			
Categories	Bank	GOG	TOTAL
I. Investment and Technical Support Program	8.56	0.35	8.91
1.1 Component I.	1.31	0.24	1.55
1.2 Component II.	1.06	0.00	1.06
1.3 Component III.	2.22	0.11	2.33
1.4 Component IV.	0.93	0.00	0.93
1.5 PROPEF	0.80	0.00	0.80
1.6 Project Management	1.30	0.00	1.30
1.7 Audit and Evaluation	0.24	0.00	0.24
1.8 Contingencies	0.70	0.00	0.70
II. Financial Cost	0.09	0.00	0.09
2.1 FIV	0.09	0.00	0.09
TOTAL	8.65	0.35	9.00

IV. Execution

4.01 The Co-operative Republic of Guyana will be the Borrower of this operation. The Ministry of Tourism, Industry and Commerce (MINTIC) will be the Executing Agency. A Program Execution Unit (PEU) will operate within the MINTIC and will report to the MINTIC's National Competitiveness Strategy Unit.

4.02 In particular, the PEU will be responsible for: (i) monitoring Program execution including compliance with contractual conditions and, in the case of the policy based loan, with the performance benchmarks and tranche release requirements and reporting progress on Program Execution to the Bank and the Ministry of Finance; (ii) coordinating Program execution with beneficiary institutions; (iii) preparing, revising and submitting to the Bank Annual Operating Plans and any other reports required under the Program; (iv) conducting procurement and processing contracts required for the implementation of the different Program subcomponents; (v) preparing and presenting disbursement requests and justification of the use of funds to the Bank's satisfaction, as well as the semiannual reports on the use of the Revolving Fund; (vi) preparing the annual progress reports for submission to the Ministry of Finance and the Bank; (vii) maintaining financial and accounting records related to the use of the resources of the Loan in order to be able to demonstrate at any time during Program execution that the funds disbursed have been used for the intended purposes of the Loan; (viii) keeping adequate documentation to support disbursements received (this

information shall be made available for review by Bank personnel and/or external auditors); and (ix) preparing and presenting financial statements of the Program to the Bank, duly certified by a firm of independent public accountants as set forth in clause 5.02 of the Special Conditions.

- 4.03** The PEU will be headed by a Coordinator, who will be a qualified professional appointed by the MINTIC with the Bank's no objection. The PEU will also be staffed with two Program management officers, a finance/accounting officer, a procurement officer, a financial assistant, and an administrative assistant.
- 4.04** The Program will be executed on the basis of Annual Operating Plans (AOPs), that will identify specific activities, beneficiaries, budgeted costs, and expected outputs. The PEU will provide technical support to the Ministry of Finance for the execution and administration of the policy-based loan component. A Steering Committee (SC) composed of representatives of the MOF, MINTIC and the Director of the NCSU will meet on a semi annual basis and will bear the main responsibility for the strategic direction of the Program. The Steering Committee will review the annual operating plans (AOPs), the procurement plan and the budget for the Program, evaluating the progress made in Program execution and recommending possible changes to the PEU to ensure that the Program's objectives are met.