

**LOAN CONTRACT No. 1803/SF-GY**

between the

**CO-OPERATIVE REPUBLIC OF GUYANA**

and the

**INTER-AMERICAN DEVELOPMENT BANK**

**Transport Infrastructure Rehabilitation Program**

July 1 , 2007

## LOAN CONTRACT

### SPECIAL CONDITIONS

#### INTRODUCTION

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

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

CONTRACT entered into on July 11, 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 Transport Infrastructure Rehabilitation Program (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 for the application of amortization, interest, credit fee, inspection and supervision and disbursement clauses, as well as other conditions related to Program 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 Program and the utilization of the resources of the financing from the Bank shall be carried out by the Borrower, through its Ministry of Public Works and Communications, Works Services Group-WSG, which for the purposes of this Contract shall be referred to, without distinction, as either the "Executing Agency" or "MPW&C".

### CHAPTER I

#### Costs, Financing and Additional Resources

**SECTION 1.01 Cost of the Program.** The total cost of the Program is estimated to be the equivalent of twenty seven million dollars of the United States of America (US\$27,000,000). 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 twenty four million three hundred thousand dollars of the United States of America (US\$24,300,000) or the equivalent thereof in other currencies forming part of such resources, except the currency 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 Program, is estimated to be the equivalent of two million seven hundred thousand dollars (US\$2,700,000), 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 11<sup>th</sup> of January of 2018, and the last installment, no later than the 11<sup>th</sup> of July of 2047.

**SECTION 2.02 Interest.** (a) The Borrower shall pay interest semiannually on the outstanding daily balance of the Loan at the rate of one per cent (1%) per annum until the 11<sup>th</sup> of July of 2017, and two percent (2%) per annum thereafter, which shall accrue from the date of each respective disbursement. The first payment shall be made on the 11<sup>th</sup> of January of 2008 and the following on the 11<sup>th</sup> of January and July of each year.

(b) Resources of the Financing may be used to pay interest during the period of disbursement thereof, without a request from the Borrower and on the dates established in the previous paragraph.

**SECTION 2.03 Resources for General Inspection and Supervision.** From the amount of the Financing, the sum of two hundred forty three thousand dollars (US\$243,000) 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 November 21, 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 Guyana, to pay for goods and services procured in accordance with Sections 4.01 and 4.04 hereunder 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 Conditions Precedent to First Disbursement.** In addition to the conditions set forth in Article 4.01 of the General Conditions, the first disbursement of the Financing shall be subject to the fulfillment, to the Bank's satisfaction, of the following requirement: the Executing Agency shall have approved the Works Services Group's (WSG) Manual of Standard Operating Procedures as set forth in clause 4.02 of Annex A hereto and shall have carried out a workshop to disseminate its contents among the staff involved in the execution of projects.

**SECTION 3.03 Conditions Relating to the Execution of the Program.** Prior to initiation of the first civil work under each component of the Program, the Executing Agency shall demonstrate, to the Bank's satisfaction, that the appropriate authority of the Borrower has issued the environmental licenses for all the civil works to be carried out under the particular component.

**SECTION 3.04 Conditions relating to the Structure Rehabilitation and the Black Bush Polder Road Rehabilitation Components.** (a) Prior to issuing the bidding documents for the selection of the contractors to carry out the civil works under both components the Executing Agency shall demonstrate, to the Bank's satisfaction, that it has selected and hired the firms to supervise such civil works.

(b) The bidding documents for the selection of contractors to carry out the civil works under both components shall incorporate, as a minimum, the following:

- (i) The Environmental Management Plan (EMP) previously submitted to the Bank for its non-objection, containing the General and Particular Environmental Specifications and the provisions on the mitigation, management, supervision and monitoring of environmental impacts and on the training, by the supervision firm, of staff (from the Executing Agency, the supervision firms and the contractors) on environmental and social management.
- (ii) The final technical designs previously submitted to the Bank for its non-objection.
- (iii) The requirement that the selected contractors hire environmental specialists as part of their field personnel.

(c) The bidding documents for the selection of the firms that will supervise the civil works relating to both components shall incorporate, as a minimum, a requirement that the selected firms hire environmental inspectors as part of their field personnel.

**SECTION 3.05 Conditions relating to the Black Bush Polder Road Rehabilitation Component.** Prior to authorizing the firm to carry out the designs for the rehabilitation or reconstruction works under the Black Bush Polder Road component, the Executing Agency shall submit to the Bank, for its non-objection, the corresponding economic feasibility studies.

**SECTION 3.06 Conditions relating to Lot B of the Structure Rehabilitation Component.** (a) Prior to issuing the bidding documents for the selection of contractors to carry out the civil works for Lot B of the Structure Rehabilitation Component, the Executing Agency shall submit to the Bank, for its non-objection, the corresponding economic feasibility study.

(b) Prior to initiation of the first civil work for Lot B of the Structure Rehabilitation component, the Executing Agency shall submit to the Bank evidence that at least two scales for measuring vehicle weight have been installed, and are in operation, in the locations of the national roads network identified as those of highest priority in the weight control study financed under Loan Contract 1094/SF-GY signed between the Bank and the Borrower on July 15, 2002.

**SECTION 3.07 Conditions relating to maintenance work.** (a) Prior to issuing the bidding documents for the selection of the first contractor to carry out routine maintenance works under the Program, the Executing Agency shall demonstrate, to the Bank's satisfaction, that (i) it has approved and implemented a system for the evaluation of the contractors carrying out routine maintenance work in the national road network and that it has evaluated all the contractors then carrying out routine maintenance work in the national road network utilizing that system; and (ii) it has updated the existing databases on road condition surveys and on unit costs.

(b) The bidding documents for the selection of contractors to carry out routine maintenance works under the Program shall incorporate, as a minimum, (i) the recommendations contained in the Maintenance Management System Final Report issued by the Executing Agency in April of 2005; and (ii) the roadway maintenance manual.

**SECTION 3.08 Conditions relating to safety activities.** Prior to issuing the bidding documents for the procurement of road safety equipment for the Guyana Police Force (GPF) the Executing Agency shall sign, with the Ministry of Home Affairs, a Memorandum of Understanding (MOU), whose text shall have been previously approved by the Bank, setting forth the parties' responsibilities regarding the activities under the Road Safety component.

**SECTION 3.09 Reimbursement of Expenditures Chargeable to the Financing.** 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 November 21, 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 3.10 Disbursement Period.** (a) The period for physical initiation of the works included in the Program shall expire four years and six months from the effective date of this Contract.

(b) The period for the last disbursement of resources of the Financing shall expire five (5) years from the effective date of this Contract.

**SECTION 3.11 Revolving Fund.** The reports on the execution of the Program, 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 and accounting information about management of the Revolving Fund resources.

## CHAPTER IV

### Execution of the Program

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

**National Competitive Bidding:** For works estimated to cost less than one million dollars (US\$1,000,000) equivalent per contract and goods estimated to cost less than one hundred thousand dollars (US\$100,000) equivalent per contract, procurement will be carried out in accordance with the provisions of paragraphs 3.3 and 3.4 of the Procurement Policies.

- (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 Program to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Procurement Policies. This plan shall be updated every six (6) months during Program 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 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:** Unless the Bank determines otherwise in writing 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: each contract for works estimated to cost the equivalent of one million dollars (US\$1,000,000) or more and goods estimated to cost the equivalent of one hundred thousand dollars (US\$100,000) or more to be procured by means of an International Competitive Bidding. The Borrower, through the Executing Agency, shall present, to the satisfaction of the Bank, evidence that it has complied with the requirements set out in subparagraph (c) of this Clause.

**SECTION 4.02 Maintenance of Works.** The Borrower undertakes to: (a) ensure that the works included in the Program be adequately maintained, according to generally accepted technical standards; and (b) within the first quarter of each calendar year, present to the Bank an annual maintenance report as established in paragraph 6.03 of Annex A including all the works that have been concluded within the previous five years. The last report shall be submitted within the period of five years from the conclusion of the last work. If, from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance of works does not meet the levels agreed upon, the Borrower shall undertake the necessary measures to correct these shortcomings.

**SECTION 4.03 Reimbursement of Expenses Chargeable to the Local Contribution.** The Bank may recognize, as part of the local contribution, expenditures incurred or which may be incurred in the Program on or after November 21, 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 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 the provisions of Document GN-2350-6. The Executing Agency 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 US\$ 100,000 can 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 Executing Agency 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 Executing Agency and the Bank.

(c) The Bank shall conduct its review of the procurement process in the following manner:

- (i) **Procurement Planning:** Prior to the issuance of any Request for Proposals, the Borrower, through the Executing Agency, shall submit the updated version of the procurement plan previously approved by the Bank in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultants' Policy. This plan shall be updated every six (6) months during Program execution, and submitted to the Bank for its review and approval. Procurement of consulting services 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 Consultants' Policies.
- (ii) **Prior Review:** Unless the Bank agrees otherwise in writing, the following contracts shall be subject to prior review, in accordance with the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Consultants' Policies.
  - (A) Contracts for the hiring of consulting firms hired directly or for an estimated amount equal or above the equivalent of US\$25,000 (twenty-five thousand dollars).
  - (B) Contracts for the hiring of individual consultants (hired directly or whose fees are equal or above the equivalent of US\$20,000). In such a case the Borrower, through the Executing Agency, shall submit to the Bank, for its prior non-objection, the consultant's qualifications and background, (the report comparing the qualifications, background and experience of the candidates, the terms of reference, and the hiring conditions).
- (iii) **Ex Post Review:** The Ex Post Review shall apply to the selection and hiring of consultants that do not fall within the provisions of paragraph (c) (ii) hereinabove, in accordance with the provisions of paragraph 4 of Appendix 1 of the Consultants' Policies.

**SECTION 4.05 Monitoring and Evaluation.** The reports on the execution of the Program which the Borrower, through the Executing Agency, shall submit to the Bank, in accordance with Article 7.03 of the General Conditions and Sections 5.01 and 5.02 of Annex A shall include a detailed description of the activities undertaken, the outcomes, outputs and results achieved during the execution of the Program, as well as the progress achieved in each Component and Subcomponent of the Program, in terms of disbursements and targets established in the "Logical Framework" of the Program agreed between the Executing Agency and the Bank.



## 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, selected and hired according to the policies and procedures of the Bank.

(b) The costs related to the services provided by the firm referred to in subsection (a) of this Clause shall 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:

**For the Borrower:**

**Mailing address:**

**Ministry of Finance  
Main and Urquhart Streets  
Georgetown, Guyana**

**Facsimile:**

**(592) 227-3931**

**For matters related to execution of the Project:**

**Mailing address:**

**Ministry of Public Works and Communications  
Wight's Lane  
Georgetown, Guyana**

**Facsimile:**

**(592) 225-2689**

**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 first above written.

CO-OPERATIVE REPUBLIC OF  
GUYANA



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Ashni Singh  
Minister of Finance

INTER-AMERICAN  
DEVELOPMENT BANK



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Sergio Varas-Olea  
Representative in Guyana

**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 therefore 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.

**ANNEX A****THE PROGRAM****Transport Infrastructure Rehabilitation Program****I. Objective**

- 1.01** The overall objective of the Program is to promote permanent accessibility and safety along Guyana's main national road network.
- 1.02** The specific Program objectives are: (a) to improve the road network reliability and driving conditions along the Timehri – Rosignol roadway by replacing or rehabilitating existing critical structures to accommodate wider carriageways and culverts; (b) to contribute to the strengthening of the ongoing road maintenance activities along the main national road network, implemented through the Routine Maintenance Management System (RMMS), and the improvement of road safety conditions; and (c) to rehabilitate the Black Bush Polder Road, a main road located in one of the significant agricultural areas of the country.

**II. Description**

- 2.01** The Program will finance activities under the following components:
- 1. Structure Rehabilitation**
- 2.02** This Component will finance the rehabilitation or reconstruction of two Lots of structures. Lot A will be composed of sixty (60) structures, comprising fifty eight (58) culverts and two (2) bridges along a 130 km stretch of roadway and its cost is estimated to be US\$ 9 million. Lot B will be composed of thirty (30) additional similar structures selected following the reassessment of the condition of remaining structures, with an estimated cost of US\$5 million.
- 2.03** The scope of works of Lot A, along the Timehri – Georgetown (TG), Georgetown – Mahaica (GM), and Mahaica – Rosignol (MR) corridor, consists of forty culvert structures that will be replaced with reinforced concrete box culverts, and eleven culvert structures that will be replaced with High Density Polyethylene (HDPE) pipe culverts. Seven existing culverts will be backfilled. Additionally, two pedestrian bridge-walkways will be constructed to be integral to existing bridges.
- 2.04** Lot B will consist in the rehabilitation of 30 remaining structures along the Timehri – Georgetown – Mahaica – Rosignol Corridor to be identified following a field verification. The estimated cost of works for Lot B is US\$5.0 million.
- 2.05** The ancillary activities that will be carried out during the civil works for structures rehabilitation will include temporary works and clean up, earthworks, road works, safety works and protection activities.

- 2.06** This Component includes funding for the supervision of both Lots A and B estimated in US\$1,500,000 as well as funding for the preparation of Lot B designs estimated in US\$400,000.

## **2. Routine Maintenance (RMMS)**

- 2.07** This Component will fund the continued support for the Routine Maintenance Management System (RMMS) to assist the Borrower in the assessment, planning, contracting and management of routine maintenance for its road network. This system manages activities such as repairs to small scale pavement distortions, shoulders, verges, drains, signs and minor damages in structures.

- 2.08** The Borrower will finance the actual routine maintenance activities (75% of the total cost) and the Bank will finance the road safety related activities (25% of the total cost) such as striping, installation of traffic signs and reflectors in the following roads currently included in the RMMS: (i) East Bank Demerara; (ii) West Bank Demerara; (iii) West Coast Demerara; (iv) East Coast Demerara; (v) Essequibo Coast Road; and (vi) Soesdyke – Linden Road.

## **3. Road Safety**

- 2.09** This Component will finance activities to improve safety in the main road segments, such as: (i) pavement marking, sign posting and installation of reflective spikes; (ii) implementation of bus stops; (iii) installation of street lighting; (iv) construction of sidewalks and drains; (v) grass cutting and drain cleaning; and (vi) purchase of police equipment to support road safety enforcement.

## **4. Black Bush Polder Road Rehabilitation**

- 2.10** This Component will finance the following activities to complete the rehabilitation of the Black Bush Polder Road (BBPR): (i) scarification of existing Double Bituminous Surface Treatment (DBST) and reshaping where required; (ii) correction of pavement geometry and leveling by adding 100 mm of crushed stone where required; (iii) overlay with 50 mm of asphalt concrete along the road (straightening of curves, modification of road axis, and widening of section will not be included in the scope of these works); and (iv) traffic safety measures, such as road marking, signing, and delineators.
- 2.11** This Component also includes funding for the preparation of final feasibility studies, environmental studies, environmental management plans and designs, as well as supervision of the works.

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

3.01 The cost of the Program is estimated to be the equivalent of US\$27,000,000, distributed in accordance with the following investment categories and sources of financing:

#### Cost and Financing

(in thousands of US\$)

	Bank	COG	Total
<b>1. Structures Rehabilitation</b>	<b>15,150</b>	<b>750</b>	<b>15,900</b>
a) Bridges Rehabilitation – Lot A	9,000	0	9,000
b) Bridges Rehabilitation – Lot B	4,250	750	5,000
c) Supervision – Lot A	1,000	0	1,000
d) Supervision – Lot B	500	0	500
e) Studies and designs – Lot B	400	0	400
<b>2. Routine Maintenance (RMMS)<sup>(1)</sup></b>	<b>500</b>	<b>1,700</b>	<b>2,200</b>
Maintenance activities	500	1,700	2,200
<b>3. Road Safety</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>
Civil works	2,000	0	2,000
<b>4. Black Bush Polder Road Rehabilitation</b>	<b>3,500</b>	<b>0</b>	<b>3,500</b>
a) Civil works	3,000	0	3,000
b) Studies and Supervision	500	0	500
<b>5. Evaluations</b>	<b>350</b>	<b>0</b>	<b>350</b>
<b>6. External Audits</b>	<b>350</b>	<b>0</b>	<b>350</b>
<b>7. Financial Expenditures</b>	<b>643</b>	<b>250</b>	<b>893</b>
a) Interest	400	0	400
b) Commitment Fee	0	250	250
c) Inspection and Supervision	243	0	243
<b>8. Contingencies</b>	<b>1,807</b>	<b>0</b>	<b>1,807</b>
<b>TOTAL</b>	<b>24,300</b>	<b>2,700</b>	<b>27,000</b>
<b>Percent</b>	<b>90%</b>	<b>10%</b>	<b>100%</b>

<sup>(1)</sup> The routine maintenance contractual cost will be fully financed by the Borrower and will be included as counterpart of this operation. The Bank will finance the related safety activities.

### IV. Execution

4.01 The Co-operative Republic of Guyana will be the Borrower of this operation. The Ministry of Public Works and Communications, through the Works Services Group (WSC), will be the Executing Agency. The Works Services Group (WSG) will have the following responsibilities regarding Program implementation: (i) it will prepare and obtain the Bank's approval for all bidding documents required to hire the civil work contractors and supervision firms; (ii) it will coordinate the bidding processes according to the Bank's and applicable national rules and regulations; (iii) it will monitor the activities of the engineering supervision firm; (iv) it will maintain adequate accounting and financial controls as well as appropriate support documentation filing systems for verification by the Bank and the external auditors; (v) it will prepare and submit to the Bank disbursement requests and corresponding justification of expenses; (vi) it will prepare and submit to the Bank semiannual reports on the Revolving Fund and Program execution, audited financial reports,

and other financial reports as required by the Bank; and (vii) it will address and resolve contractor claims and related contract adjustments.

- 4.02** WSG's Manual of Standard Operating Procedures shall contain activities to (a) improve WSG's institutional planning and management systems; (b) strengthen WSG's procurement unit; (c) formalize and document WSG's administrative procedures; and (d) improve WSG's internal controls and auditing capacity.

**V. Program monitoring and supervision**

- 5.01** The semiannual progress reports to be submitted by the WSG to the Bank during execution of the Program must contain, at least, the following elements: (i) description of the executed civil works and general information about the structures, roads and safety works and road maintenance; (ii) evaluations of the contractors' and the supervision firm's performances; (iii) description of the procurement processes carried out during the reported period; (iv) description of the executed works on a monthly basis, with detailed description of quantities and availability of labor, materials and equipment, number and qualifications of workers (skilled and unskilled) actually employed, average monthly road conditions and compliance with the routine maintenance contract and detailed unit costs and budget compliance; (v) updated inventory and evaluation of the condition of the rehabilitated structures at the end of the reported period; (vi) evaluation of the maintenance plan at the end of the reported period; (vii) execution plan for structures and road works to be completed in the following two six month periods; (viii) maintenance plan for the following two six month periods, with the justification of the type of activities, schedule of works, identified priorities and physical (labor, equipment and materials) and financial requirements; (ix) a summarized Program financial statement; and (x) the estimated cash flow for the next two six month periods. The first semiannual progress report will also contain a comprehensive set of statistical information on the transport sector and subsectors (road, air, maritime, etc.).
- 5.02** WSG will submit to the Bank annually, at least thirty (30) days prior to the conclusion of each calendar year, during the execution of the Program, an Annual Operation Plan (AOP), containing at least the following information for the upcoming calendar year: (i) a list of the expected outputs and activities including a schedule for their implementation; (ii) the procurement plan; and (iii) the budget and disbursement projections. In addition, the AOP will include an evaluation of the achievements of the preceding year.
- 5.03** Twice a year, during a period of 7 days (for fourteen hours per day) traffic counts and axle load distribution will be carried out in selected fixed locations on the national road network. These counts will take into account low and high agricultural seasons. In addition, every second Thursday of each month, traffic counts and axle load distribution will be carried out during the full day, in the same selected fixed locations. The data will be collected by the supervision firms in four selected fixed locations along the Timehri – Rosignol road, and in two selected fixed locations along the Black Bush Polder Road, and will be submitted to the Bank twice a year, together with the semi-annual progress reports.