



The OPEC Fund for International Development

*Office of the
Director-General*

H.E. Saisnarine Kowlessar
Minister of Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown
GUYANA

October 6, 2005

Excellency,

ENHANCED HIPC DEBT INITIATIVE RELIEF AGREEMENT
BETWEEN THE
COOPERATIVE REPUBLIC OF GUYANA
AND THE
OPEC FUND FOR INTERNATIONAL DEVELOPMENT

A. INTRODUCTION

1. This is in reference to previous exchanges of correspondence between us regarding the modalities for extending to the Cooperative Republic of Guyana (the Beneficiary) by the OPEC Fund for International Development (the Fund) its own share of the debt relief agreed upon by the international donor community under the Enhanced HIPC Debt Relief Initiative.
2. The Fund has determined, on the basis of a Debt Sustainability Analysis conducted by the International Development Association and the International Monetary Fund together with the Beneficiary and also other information available in the Fund's records, that the Beneficiary is eligible for debt relief from the Fund under the Enhanced HIPC Debt Relief Initiative. It is also the Fund's understanding that the Beneficiary's other major creditors have undertaken to reduce the Beneficiary's debt obligations to sustainable levels and, moreover, are predisposed to deliver their respective shares of the debt relief under the Enhanced HIPC Debt Relief Initiative prior to the Completion Point of December 18, 2003, provided that the Beneficiary would have embarked on fulfilling the agreed conditions for the provision of such debt relief, which conditions, to the best of our knowledge and belief, are in the process of being accomplished in phases.

The OPEC Fund for International Development

*Office of the
Director-General*

3. The Fund has agreed to provide to the Beneficiary a debt relief on Identified Debt in the amount of Five Million Four Hundred Thousand Dollars (US\$ 5,400,000) in end-1998 PV terms. In that regard, the Fund has proposed to provide a partial debt relief in the amount of Two Million Nine Hundred and Ten Thousand Dollars (US\$ 2,910,000) by extending a loan in the amount of Seven Million Five Hundred Thousand Dollars (US\$ 7,500,000) as evidenced by the draft of the Fund's Enhanced HIPC Debt Initiative Relief Agreement. It was further agreed to deliver the balance by means of re-structuring an already concluded loan agreement.

B. DEBT RELIEF

3. On the basis of the foregoing, the Fund has agreed to provide to the Beneficiary, on the terms and conditions set out in this Agreement, a partial debt relief in the amount of Two Million Five Hundred and Ten Thousand US Dollars (US\$ 2,510,000).
4. The said debt relief is hereby granted through the re-scheduling of the loan terms and conditions, respectively, of the Agreement No. 716Pg for the Commodity Imports Program as stipulated in the Annex to this Agreement.

C. DEBT RELIEF IMPLEMENTATION MODALITIES

5. The Beneficiary:
 - (a) shall maintain records adequate to record the progress of implementation of this Agreement;
 - (b) shall furnish the Fund at regular intervals all such information as the Fund shall reasonably request concerning the implementation of this Agreement;
 - (c) shall enable the Fund's representatives to have access to the records mentioned in paragraph (a) above and to conduct any verification as any such representative may deem necessary; and
 - (d) shall, not later than six months after the full execution of the objectives of this Agreement, prepare and furnish to the Fund a completion report, of such scope and in such detail as the Fund shall reasonably request, on the implementation of this Agreement.

The OPEC Fund for International Development

*Office of the
Director-General*

6. The Beneficiary shall in all other respects cooperate fully with the Fund to assure that the purposes of this Agreement will be accomplished, and shall:
 - (a) promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of the purposes of this Agreement or the performance by the Beneficiary of its obligations thereunder;
 - (b) exchange views from time to time with the Fund with regard to matters relating to the purposes of this Agreement and, in particular, with regard to the performance by the Beneficiary of its obligations under or pursuant to this Agreement.

D. EVENTS OF DEFAULT

7. If any of the following events shall have occurred and be continuing, then the Fund may, by notice to the Beneficiary, suspend in whole or in part the rights of the Beneficiary and the obligations of the Fund under this Agreement:
 - (a) The Beneficiary shall have failed to make any payment of any instalment of the principal, or of the interest or of the service charges under any loan agreement by virtue of which the Beneficiary shall have received a loan from the Fund;
 - (b) the Beneficiary shall have failed to perform any other of its obligations under any loan agreement by virtue of which the Beneficiary shall have received a loan from the Fund.
8. If the rights of the Beneficiary and the obligations of the Fund shall have been suspended for a continuous period of forty-five days, the Fund may by notice to the Beneficiary terminate the rights of the Beneficiary and the obligations of the Fund under this Agreement and, thereupon, the Fund may declare the principal of any or all of the loan extended by virtue of Agreement No. 716Pg then outstanding to be due and payable immediately.

The OPEC Fund for International Development

*Office of the
Director-General*

E. SUPPLEMENTARY PROVISIONS

9. The provisions of the Agreement No. 716Pg set out below shall apply, *mutatis mutandis*, to this Agreement as if for all references had been substituted by references to this Agreement, that is to say:
 - (a) Article 10 - Enforceability, Arbitration;
 - (b) Article 11 - Exemptions;
 - (c) Article 12 - Termination of the Fund
 - (d) Article 13 - Notice; Representation, Modification.
10. The Revised Amortization Schedule, as evidenced in the Annex to this Agreement, hereby supersedes the concerned Amortization Schedule for the Agreement No. 716Pg, as contained in the HIPC Debt Initiative Relief Agreement signed on January 26, 2001, and countersigned on April 4, 2001, and future calls for repayment would be made on that basis.
11. Notwithstanding any provision to the contrary in the Agreement No. 716Pg, it is hereby agreed and understood that as of February 16, 2006, no interest shall hereafter be levied or become payable on the principal amount of the loan withdrawn and outstanding, from time to time, and, accordingly, the provisions in the said Agreement No. 716Pg relating to the payment of interest shall be construed with such modifications so as to give full force and effect to the foregoing stipulation. However, for the avoidance of doubt, it is hereby agreed and understood that any interest that has hitherto accrued on the principal of any such loan shall remain due and payable as originally stipulated.

F. ENTRY INTO FORCE AND EFFECT

12. It is hereby understood that the signature of this Agreement by the Beneficiary's duly authorized representative constitutes evidence to the effect that its execution and delivery on behalf of the Beneficiary have been duly authorized according to the constitutional requirements of the Beneficiary.
13. Subject to Section 12, this Agreement shall become effective on the date upon which the Fund notifies the Beneficiary in writing of the receipt and acceptance of the conformed copy of this Agreement duly countersigned by the Beneficiary's authorized representative.

The OPEC Fund for International Development

*Office of the
Director-General*

Please sign the two conformed copies of this Agreement and thereafter return one original thereof to the OPEC Fund as evidence of the acceptance of its provisions by the Cooperative Republic of Guyana.

With my highest consideration.

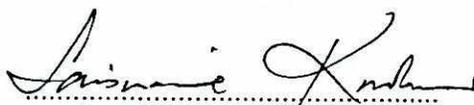


Suleiman J. Al-Herbish
Director-General

HFS / mh

Accepted on behalf of
the Cooperative Republic of Guyana by:

Signature:



Name:

SAINARINE KOWLESSAR

Title:

MINISTER OF FINANCE

Date:

November 4, 2005

The OPEC Fund for International Development

Office of the
Director-General

ANNEX

2nd Revision of the Amortization Schedule of Loan Agreement No. 716Pg for the Commodity Imports Program

<u>Date of Repayment</u>	<u>Amount Expressed in US\$</u>
February 16, 2003	759,410
August 16, 2003	759,410
February 16, 2004	759,410
August 16, 2004	759,410
February 16, 2005	---
August 16, 2005	---
February 16, 2006	303,770
August 16, 2006	303,770
February 16, 2007	303,770
August 16, 2007	303,770
February 16, 2008	303,770
August 16, 2008	303,770
February 16, 2009	303,770
August 16, 2009	303,770
February 16, 2010	303,770
August 16, 2010	303,770
February 16, 2011	303,770
August 16, 2011	303,770
February 16, 2012	303,770
August 16, 2012	303,770
February 16, 2013	303,770
August 16, 2013	303,770
February 16, 2014	303,770
August 16, 2014	303,770
February 16, 2015	303,770
August 16, 2015	303,770
February 16, 2016	303,770
August 16, 2016	303,770
February 16, 2017	303,770
August 16, 2017	303,770
February 16, 2018	303,770
August 16, 2018	303,770
February 16, 2019	303,770
August 16, 2019	303,770
February 16, 2020	303,770

The OPEC Fund for International Development

Office of the
Director-General

716Pg cont'd

<u>Date of Repayment</u>	<u>Amount expressed in US\$</u>
August 16, 2020	303,770
February 16, 2021	303,770
August 16, 2021	303,770
February 16, 2022	303,770
August 16, 2022	303,770
February 16, 2023	303,770
August 16, 2023	303,770
February 16, 2024	303,770
August 16, 2024	303,770
February 16, 2025	303,770
August 16, 2025	303,770
February 16, 2025	303,770
August 16, 2026	303,770
February 16, 2026	303,770
August 16, 2027	303,770
February 16, 2027	303,770
August 16, 2028	303,770
February 16, 2028	303,770
August 16, 2029	303,770
February 16, 2029	303,770
August 16, 2030	303,630
Total	18,226,000