

PROJECT: UPPER DEMERARA FORESTRY PROJECT

FINANCING CONTRACT

between the

EUROPEAN ECONOMIC COMMUNITY

GUYANA

Brussels, 12th March, 1979

The European Economic Community, hereinafter called "THE EEC" represented by the Commission of the European Communities in its capacity as manager of the European Development Fund, represented by the Member of the Commission responsible for Development Policy,

hereinafter called "THE COMMISSION"

of the one part,

and

Guyana, represented by its Ambassador Extraordinary and Plenipotentiary to the European Communities,

pursuant to the instrument of authority, the text of which is annexed (Annex 1) to this Contract,

hereinafter called "THE BORROWER"

of the other part,

Whereas THE BORROWER has incorporated a Company named Demerara Woods Limited, hereinafter called THE PROJECT COMPANY, the entire issued share capital of which is beneficially owned by THE BORROWER;

Whereas THE PROJECT COMPANY is undertaking the establishment of an integrated forest industries complex and township in the Great Falls Area between the Demerara and Essequibo areas in Central Guyana, a scheme hereinafter called THE PROJECT, the specifications for which are set out in Annex A to this Contract;

Whereas the total cost of THE PROJECT is estimated at 24 500 000 European Units of account, hereinafter denoted by the initials EUA, and defined in Annex B;

Whereas partial financing for THE PROJECT is at present expected to be obtained from the following sources:

		<u>Equivalent in M. EUA</u>
- Equity in THE PROJECT COMPANY subscribed with :		
THE BORROWER'S own resources	10.0M. Guy.\$	3.150
- the proceeds of a conditional Loan on risk capital, to be provided by the European Investment Bank from EDF resources	10.0 M. Guy. \$	3.150
Grant to THE BORROWER by the Commission of the European Communities from European Development Fund resources		0.8
- Long term Loan to THE BORROWER from Inter-American Development Bank to be on-lent to THE PROJECT COMPANY	5 M. USA\$	4.0
Long term Loan to THE BORROWER from International Bank for Reconstruction and Development to be on-lent to THE PROJECT Company	10 M. USA\$	8.0
Local financing to THE PROJECT COMPANY	1.3M. Guy.\$	0.4
TOTAL		19.5

Whereas, to complete the financing of THE PROJECT, and acting under the ACP/EEC Convention between the African, Caribbean and Pacific States and THE EEC signed at Lomé on 28 February 1975 (hereinafter called "THE CONVENTION") and the indicative programme of Community aid to Guyana, THE BORROWER has requested from THE EEC a Loan of 5 000 000 EUA to be on-lent to THE PROJECT COMPANY by means of a contract hereinafter referred to as "THE ON-LENDING CONTRACT";

Whereas THE COMMISSION has given a mandate from THE EEC to the European Investment Bank, established at 2 Place de Metz, Luxembourg, (Grand Duchy of Luxembourg), hereinafter called "THE BANK", which has accepted the said mandate, to take all necessary action to ensure repayment of the Loan which is the subject of this Contract;

Whereas under Article 67 of THE CONVENTION the ACP States gave certain undertakings concerning currency and exchange control;

HAVE AGREED AS FOLLOWS:

The contractual relations between THE COMMISSION and THE BORROWER shall be governed by the following GENERAL CONDITIONS AND SPECIAL CONDITIONS together constituting this Contract.

ARTICLE 1

Payment

1.01 Amount of the Loan

THE COMMISSION shall open a credit amounting to the equivalent of 5 000 000 (five million) EUA on the European Development Fund for THE BORROWER, who hereby accepts the said credit, to be used exclusively for on-lending to THE PROJECT COMPANY.

1.02 Manner of Payment

The credit will be available to THE BORROWER as from the date hereof.

Every request for payment, accompanied by the required supporting documents required under Article 1.04, shall be made to THE COMMISSION not less than thirty days before the payment date stipulated by THE BORROWER and shall specify the account or accounts to which payment should be made.

No request other than the last may be made for the payment of a sum equivalent to less than 100 000 EUA. The total number of payments made to THE BORROWER shall not exceed 12.

1.03 Currency arrangements

Each payment shall be made by THE COMMISSION in the Member State currency or currencies selected by THE COMMISSION after consultation with THE BORROWER. Sums paid shall be charged against the credit which has been made available at the conversion rates prevailing between the EUA and the payment currency or currencies on the day preceding payment.

1.04 Conditions of payment

A. Payments pursuant to Article 1.02 shall be subject to the precondition that:

- (a) THE BORROWER shall have taken all action necessary to exempt from taxation all payments of principal and interest hereunder and to permit the payment of interest without deduction of any tax at source;

- (b) THE COMMISSION shall have received evidence satisfactory to it that THE PROJECT COMPANY has available, on terms satisfactory to THE COMMISSION, finance for THE PROJECT in the amounts and from the persons referred to in the fourth recital or that THE PROJECT COMPANY shall have available equivalent finance on terms and from other sources approved by THE COMMISSION;
- (c) THE BORROWER shall have commenced construction of the feeder road linking THE PROJECT site with the Wismar-Rockstone Road;
- (d) THE BORROWER shall have transmitted to THE COMMISSION the text of the Memorandum and Articles of the company which will own and manage the sawmill;
- (e) The contract for management during the running-in period (expected to be for a period of three years), on terms and with an organization satisfactory to THE COMMISSION, shall have been signed;
- (f) THE BORROWER shall have made available land necessary for establishing port facilities for THE PROJECT;
- (g) The agreement granting THE PROJECT COMPANY exclusive rights over a period of 25 years to cut wood on all forest land within THE PROJECT area shall have been signed;
- (h) THE BORROWER shall have submitted to THE COMMISSION outline proposals, satisfactory to THE COMMISSION, relating to a marketing training programme for the export sale of THE PROJECT COMPANY'S products;
- (i) THE ON-LENDING AGREEMENT shall have been signed on terms satisfactory to THE COMMISSION.

B. Moreover, each payment shall be subject to the condition that, thirty days before the payment, THE PROJECT COMPANY shall have submitted to THE COMMISSION through THE BORROWER documentary evidence, satisfactory to THE COMMISSION, proving that the conditions laid down in paragraph 03 of Article 1 of THE ON-LENDING CONTRACT have been fulfilled.

If any of the documents presented by THE PROJECT COMPANY in support of its request does not satisfy THE COMMISSION, the corresponding payment may be reduced without prejudice to the fifth subparagraph 02 of this article.

1.05 Annulment of the credit

In the event of a reduction of the cost of the EDF Loan financed part of THE PROJECT as set out in Annex A below the amount of this credit as laid down in Article 1 hereof, THE COMMISSION may, unless otherwise agreed with THE BORROWER, reduce the amount of the credit to the actual cost.

THE BORROWER, at any time, and THE COMMISSION, as from 31 December, 1982, shall have the right to annul all or part of the credit which has not yet been paid out.

1.06 Withdrawal of the opening of credit

If one of the situations described in Article 12 hereof should arise, THE COMMISSION shall at all times have the right to cancel with immediate effect all or part of the credit which has not yet been paid out.

Any undisbursed balance of credit shall be automatically withdrawn as soon as the Loan is called in under Article 12 of this Contract.

ARTICLE 2

The Loan

2.01 Amount of the Loan

The amount of the Loan shall be equal to the sum, in EUA, of all the amounts paid out in the currency or currencies used by THE COMMISSION for the several payments as notified to THE BORROWER at the time of the payment.

2.02 Currency arrangements for repayment of the Loan and payment of interest

The amount to be repaid and the interest due shall be expressed in EUA. Repayment of the principal and interest payments shall be made in the Member State currency or currencies selected by THE BORROWER. The rates to be used for converting the EUA into Member States' Currencies shall be those which obtained on the tenth day preceding payment.

ARTICLE 3

Interest

3.01 Rate of interest

Nominal 1% (one per cent) per annum interest shall be payable by THE BORROWER to the Community in respect of amounts paid out and not yet repaid. Interest payments shall be made every half-year, as they fall due, on the dates set in Article 5.03 of this Contract.

3.02 Penalty

Without prejudice to Article 12, THE BORROWER shall, in the event of any delay in the payment of any of the sums due under this Contract, be subject, without further notice, to an increased rate of interest in respect of that delayed sum, the rate of which shall be that stipulated above increased by 2.5% (two and a half per cent) per annum, payable in the currencies in which the sum is due. Thus a rate of 3.5% per annum shall take the place of the interest rate set in paragraph 01 of this article, in respect of that delayed sum.

ARTICLE 4

Repayment

4.01 Normal repayment

THE BORROWER shall repay the principal of the Loan in 60 half-yearly payments, according to the repayment schedule annexed (Annex C) to this Contract, the first repayment falling due on 15 August, 1989.

4.02 Optional repayment in advance

THE BORROWER shall at all times have the right to effect early repayment of all or part of the Loan.

4.03 Compulsory repayment in advance

In the event of repayment in advance of maturity by THE PROJECT COMPANY of all or part of the Loan under THE ON-LENDING CONTRACT, THE BORROWER shall repay to THE EEC an equivalent sum by way of partial early repayment of the Loan. The early repayment by THE BORROWER to THE EEC shall be made on the half-yearly date of payment of interest which next follows the semi-anniversary of the date of the early repayment by THE PROJECT COMPANY.

4.04 Common provisions applicable to repayments in advance

Amounts repaid in advance shall be deducted from those scheduled to constitute the last payments.

Application of this article shall not prevent THE COMMISSION exercising its rights under Article 12 hereof.

ARTICLE 5

Payments

5.01 Place of Payments

THE BORROWER shall pay all the sums owed by it under this Contract into the account or accounts which THE BANK shall have indicated to it not less than fifteen days before each due date of payment.

This period shall not apply in the situations provided for in Article 12 of this Contract.

5.02 Calculation of payments due in respect of parts of a year

Interest payable by THE BORROWER to THE EEC under this Contract in respect of parts of a year shall be calculated on the basis of a 360-day year and a 30-day month.

5.03 Payment dates

The half-yearly payments due under this Contract shall be made on 15 February and 15 August of each year.

The other sums due under this Contract shall be payable to THE EEC as soon as payment is requested by THE BANK or THE COMMISSION.

ARTICLE 6

European Economic Community Account

6.01 An account entitled "European Economic Community Financing" (hereinafter called "THE EEC ACCOUNT") will be opened in the books of THE BORROWER. This account will be utilized as hereinafter provided.

6.02 THE EEC ACCOUNT will be credited with sums paid by THE PROJECT COMPANY to THE BORROWER by virtue of THE ON-LENDING CONTRACT.

6.03 THE EEC ACCOUNT will be debited with:

1. Payments by way of interest due under this Contract;
2. Repayments of principal sums due under this Contract;
3. Sums paid by virtue of the re-employment operations referred to in Article 7 hereof.

6.04 THE EEC ACCOUNT will be maintained in Guyana Dollars.

6.05 Every six months THE BORROWER shall forward, to THE COMMISSION, a statement of account covering the transactions of the previous six months period.

ARTICLE 7

Re-employment of Funds

7.01 The funds available in THE EEC ACCOUNT resulting from the variations between the length, the deferment and the rate of interest of the loan and those stipulated in THE ON-LENDING Contract, may be used by THE BORROWER to finance development projects which shall have been previously approved by THE COMMISSION. The first priority for the use of these accrued funds shall be to finance reforestation in THE PROJECT zone if recommended by the forest research programme.

ARTICLE 8

Special obligations

8.01 Use of the proceeds of the loan

The proceeds of the Loan and the other resources laid down in the financing plan set out in the Preamble hereto shall be used exclusively to finance THE PROJECT.

8.02 THE ON-LENDING CONTRACT

The terms of THE ON-LENDING CONTRACT may not be amended without prior consultation and agreement of THE COMMISSION.

8.03 Excess project costs

In the event of THE PROJECT costs exceeding those provided for, THE BORROWER assumes responsibility for financing the additional costs or obtaining finance therefor in a manner such that THE PROJECT is completed in accordance with the specifications. The plan for the coverage of such additional expenditure shall be submitted to THE COMMISSION without delay.

8.04 Obligations of THE PROJECT COMPANY

THE BORROWER shall ensure that THE PROJECT COMPANY respects the obligations undertaken by virtue of Articles 6 and 8 of THE ON-LENDING CONTRACT, as regards THE COMMISSION.

8.05 Premature payments under THE ON-LENDING CONTRACT

THE BORROWER hereby undertakes to obtain the prior approval of THE COMMISSION in the event that it should decide to waive any right to premature repayment of the loan granted by the terms of THE ON-LENDING CONTRACT.

8.06 Access Road

THE BORROWER shall ensure that the access road linking the area of THE PROJECT the Wismar-Rockstone Road shall be capable of use for the transport of heavy machinery not later than 30 June 1979.

8.07 Agreement with GTEB and Export Training Programme

THE BORROWER shall procure that, not later than 1 January 1981:

- (a) THE PROJECT COMPANY shall have entered into an agreement upon terms satisfactory to THE COMMISSION with Guyana Timber Export Board ("GTEB") whereby THE PROJECT COMPANY agrees to supply and GTEB to market the entire exportable output of THE PROJECT COMPANY; and
- (b) GTEB shall have demonstrated that sufficient staff training and marketing support will be available to ensure that they can fulfil their obligations under the above agreement.

ARTICLE 9

Security

9.01 Creation of security

In the event that for an external debt THE BORROWER grants or provides in favour of third parties any security or preferential treatment of any kind, it shall be required, at the request of THE BANK, to create or provide in favour of THE EEC equivalent security or preferential rights.

This provision shall not apply to securities or preferential rights created over goods or supplies at the time of their acquisition by THE BORROWER as a simple guarantee for payment of their purchase price.

ARTICLE 10

Information and inspection

10.01 Information concerning THE PROJECT

THE BORROWER:

- (a) shall submit forthwith for the approval of THE COMMISSION any major alterations to the general plans and work completion schedules as communicated to THE EEC prior to the conclusion of this Contract;
- (b) shall make available to THE COMMISSION all such documents and information as the latter may reasonably request concerning the financing and execution of THE PROJECT;
- (c) shall, in general, inform THE COMMISSION of any circumstances or occurrence which would substantially affect or alter conditions governing the implementation or operation of THE PROJECT.

10.02 Information concerning THE BORROWER and THE PROJECT COMPANY

THE BORROWER:

- (a) shall, in the case of an external debt, if it intends to grant or provide to third parties any securities or preferential rights, advise THE BANK in good time;
- (b) once it knows of any fact or event following which the loan made pursuant to THE ON -LENDING CONTRACT could be called in, shall forthwith inform THE COMMISSION and THE BANK;
- (c) if it proposes to amend the documents governing the activity of THE PROJECT COMPANY, shall give prior notice thereof to THE COMMISSION;
- (d) shall, in general, advise THE COMMISSION and THE BANK of any fact or event which might prevent the fulfilment of any obligation of THE BORROWER hereunder.

10.03 Inspection

THE BORROWER shall ensure that persons designated by THE COMMISSION are permitted to inspect the site, installations and works coming under THE PROJECT and to carry out whatever checks related to THE PROJECT they consider desirable; it shall ensure that everything is done to facilitate their task.

ARTICLE 11

Charges and expenses

11.01 Fiscal charges

THE BORROWER shall pay all fiscal charges including stamp duty, registration fees and other taxes of whatever nature which may become due by reason of the execution or implementation of this Contract and documents relating thereto together with all national or local taxes or charges on interest, repayment of principal or other payments receivable by THE BANK from THE BORROWER under the terms of this Contract. Further, THE BORROWER shall pay any like charges or fees which may become due or payable in connection with the creation of any security for the loan.

11.02 Other Charges

THE BORROWER shall pay all legal costs and expenses incurred by THE BANK or THE COMMISSION in connection with the execution and implementation of this Contract and all documents relating thereto.

ARTICLE 12

Compulsory early repayment

12.01 The loan or any part thereof shall become repayable forthwith upon demand being made therefor by THE COMMISSION following the occurrence of any of the following events:

- (a) if THE BORROWER fails to repay any part of the loan or to pay interest thereon or to make any other payment to THE COMMISSION as herein provided on the date when the same falls due for payment;
- (b) if THE BORROWER fails to comply with any obligation, other than a payment obligation, imposed upon it by the terms of this Contract within the time reasonably specified in a notice served by THE COMMISSION on THE BORROWER requiring compliance;
- (c) if THE PROJECT COMPANY shall abandon all or material part of THE PROJECT;
- (d) if any circumstance which was taken into account in connection with the negotiation of this Contract, and regarded as necessary for the due implementation of THE PROJECT and its operation, is not complied with or shall have ceased to exist;
- (e) if THE COMMISSION becomes aware of a material misstatement of fact contained in any information given by or on behalf of THE BORROWER, in connection with the negotiation of this Contract;
- (f) if THE PROJECT COMPANY shall be dissolved save for the purpose of reconstruction or amalgamation such as does not prejudice the rights of THE COMMISSION hereunder;
- (g) if THE PROJECT COMPANY becomes insolvent, or if an encumbrancer takes possession of or a receiver is appointed over any part of the assets of THE PROJECT, or any property forming part of THE PROJECT, or if THE PROJECT COMPANY makes any arrangement with or assignment in favour of their creditors;
- (h) if any act or event should occur following which the loan granted by THE BORROWER to THE PROJECT COMPANY is or could be declared to be repayable in advance under the terms of THE ON-LENDING CONTRACT.

12.02 The provisions of Article 12.01 shall not be construed so as to place any limitation on any other right which is conferred by law on THE COMMISSION to require early repayment of the loan.

12.03 No failure by THE COMMISSION to exercise any of its rights under this article shall be construed as a waiver of such right.

ARTICLE 12

Law of the Contract

13.01 Law applicable

The legal relations between the parties to this Contract, its formation and its validity shall be submitted exclusively to the law of the country in which, at the date of signature hereof, the offices of the Directorate General for Development of the Commission of the European Communities are situated.

13.02 Place of performance

The place of performance of this Contract shall be the city in which, at the date of signature hereof, the offices of the Directorate-General for development of the Commission of the European Communities are situated.

13.03 Jurisdiction

THE COMMISSION and THE BORROWER hereby confer jurisdiction on the Court of Justice of the European Communities, before which disputes relating to this Contract shall be brought.

ARTICLE 14

Final Provisions

14.01 Addresses

Notices and communications from one party to another in respect of this Contract shall, under penalty of nullity, be addressed as follows:

for THE COMMISSION:

Directorate-General for Development
Berlaymont
200 rue de la Loi
1049 Brussels
Belgium

Telex COMEUR 21877

Telegraphic address: COMEUR BRU

for THE BORROWER:

The Minister of Finance
Georgetown
Guyana

Telegraphic address: MINFIN GUYANA

in the event of a dispute:

Embassy of Guyana
av. des Arts 21-22
1040 Brussels
Belgium

which is THE BORROWER'S address for service.

Any changes of the above addresses shall be valid only when they have been notified to the other party.

14.02 Form of notice.

Notices and communications for which time limits are laid down in this Contract or which themselves impose time limits on their recipient shall be sent by registered letter or telegram with acknowledgement of delivery or by telex; for the purpose of determining such time limits the authentic date shall be the date of postmark or any other entry on the acknowledgement of delivery attesting the date of delivery of the letter to the recipient.

14.03 Annexes

The instrument authorizing the Ambassador of Guyana to the European Communities to execute this Contract on behalf on THE BORROWER (Annex 1) is attached hereto.

The Preamble, Annex A (Specifications), Annex B (Definition of the EUA) and Annex C (Repayment Schedule) shall form integral parts of this Contract.

This Contract is drawn up in three copies, each of these texts being equally authentic.

In witness whereof the undersigned parties, acting through their duly authorised representatives, have set their signatures hereto.

Done at Brussels, 12, III. 1979.

THE EUROPEAN ECONOMIC COMMUNITY
THE COMMISSION

GUYANA

Sgd. (C. Chysson)

Sgd. (S.R. Insanally)

In replying quote date
hereof and No.ST:35/37

MINISTRY OF FINANCE,
P.O. Box 757,
Main & Urquhart Streets,
Georgetown,
Guyana.

AUTHORISATION

PURSUANT TO

THE EXTERNAL LOANS ACT (Cap:74:08)

By virtue and in exercise of the power conferred upon me by Section 3(5) of the External Loans Act, Chapter 74:08 of the Laws of Guyana, I hereby authorise RUDOLPH INSANALLY, Ambassador Extraordinary and Plenipotentiary of Guyana to the European Economic Community, to sign as the duly authorised representative of Guyana the Financing Contract with the European Economic Community for the purpose of providing to Guyana a loan of five million European Units of Account (EUA 5,000,000) to be on-lent by Guyana to the Demerara Woods Limited, a company incorporated in Guyana, for utilisation by that company in the Project referred to in that Contract.

Given under my hand at the
Ministry of Finance, Georgetown,
this 6th day of November, 1978.

Sgd. (F.E. Hope)
.....
F.E. Hope
Minister responsible for Finance.

SPECIFICATIONS

I. DEFINITION OF THE PROJECT

THE PROJECT is to create a timber extraction and sawmilling operation located in Central Guyana between the Essequibo and Demerara rivers, about 100 km south of Linden. THE PROJECT will utilize the timbers in an area of approximately 207 000 ha.

THE PROJECT will comprise the following components:

1. Logging and transport

Supply of equipment for the construction of roads, felling and transport of an annual cut of 94 000 m³ of roundwood.

Structures:

Garages 600 m²
Workshop and stores 810 m²

Vehicles:

3 skidders, 170 bhp
3 bulldozers, 140 bhp
2 graders, 135 bhp
1 log-loader, 170 bhp
5 log-trucks, 30 t
3 dump-trucks, 10 m³ cap.
6 timber-rucks, 20 t
6 pick-ups
1 station-wagon
1 low loader

Other equipment:

1 radio-communication system
30 power saws
Workshop equipment and spare parts

2. Sawmill

Construction of buildings and supply of machinery for the production of 41 300 m³ of lumber.

Structures:

Sawmill plant including saw-shop	3 010 m ²
Sheds	3,450 m ²
Admin. building	381 m ²

All constructed of local timber

Surface pavement: laterite 78 000 m².

Sawmill machinery:

All necessary equipment, such as debarker, edger, electric chainsaw, front-end-loaders, and forklifts, needed for an input capacity of 94 000 m³ of round wood.

- 3. Power Plant Electrical power will be provided by wood gasification in a plant designed with a capacity of 6 MW. In a wood gasification plant the solid fuel, filled into gasification tanks will be distilled into charcoal and finally gasified to lean gas.

The power plant contains:

Chippers, rotary dryers, storage bins, gasification tanks, gas storage tanks, gas motors and power distribution.

Two of the six motor units will be designed for the possible switch to diesel oil fueling as a safety measure in case of lack of wood chips. The power unit is designed for a load peak of 4.2 MW and an overall demand of 18 GWh/year.

- 4. Township

Construction of residential units for approximately 420 employees and their families, community buildings and the necessary infrastructure for a population of 1 500 people.

Residential units:

	<u>Gross floor area per unit</u>
20 Manager's houses	135 m ²
40 Clerk's houses	68 m ²
130 Worker's houses	52 m ²
23 Bachelor's accommodation units (for 10 people grouped in one unit)	250 m ²
1 Guest house	135 m ²

Community buildings:

Administrative office	52 m ²
Shops	320 m ²
Health Clinic (with living accommodation)	91 m ²
Primary school (in two levels)	1 022 m ²
Clubhouse/Community Hall	285 m ²

All the buildings are constructed of local timber on piles with living accommodation at first floor level.

Roads:

About 9 km laterite roads

Water supply:

The necessary network to supply the township as well as the sawmill

The total water demand has been estimated at 1 017 m³ per day of which the sawmill consumes 20% and the township 80%.

The water will be supplied from the nearby (about 1 km from the sawmill) Ya-ya Creek, which carries sufficient water (minimum flow being 10 times the average water demand) to secure a stable supply. Open Vee drains.

Storm water drainage:

Sewerage disposal:

Sewer collection system with neutralisation by aerobic oxidation.

Sports facilities:

A playground. Total area 1.6 ha.

5. Port Facilities

Construction of port facilities at Charters at the Demerara River for shipment by vessel and the construction of an access road.

Wharf:

A greenheart pile and decking construction which will be suitable for berthing ships drawing up to 6m. It will be 110m long and will have mooring dolphins on either side to enable berthing of ships up to 140 m in length. An adequate number of breasting dolphins and fender piles will be provided along the berthing face.

Equipment:

1 mobile crane; 20 m range and lifting capacity 7.5 tonnes at 20 m; 2 side fork lifts; capacity 5 tonnes.

Buildings:

Open sided sheds for 3 500 m³ of sawn lumber
Open storage area for 1 750 m³ of baulks
Gate house
Office building
Residential home for superintendent
Other buildings (ablutions etc)

All buildings are of wood construction.

Water supply

Electricity

Access road: The construction of a one lane laterite road (about 25.8 km), with passing places, connecting the existing Wismar/Rockstone Road about 6.5km from Wismar with the port site at Charters. The road will be designed for traffic of max. 40 tonnes lumber trucks and 50 tonnes logging trucks.

6. Research programme

THE PROJECT will include a research and development programme which will tackle the major issues concerning appropriate future longterm development strategy for management of forest resources. This programme will investigate forest development options such as continued management of selected forest areas on a sustained yield basis, utilizing existing forest species, or development of more concentrated plantation resources of selected growing indigenous or exotic species.

This research and development programme to be carried out by the Guyana Forestry Department will include a total of 12 man-months of expert assistance.

7. Consultancy services

THE PROJECT provides for consultancy services for preliminary and final engineering design, supervision of construction and management of the sawmill complex during about three years.

II. PROJECT COSTS

The total cost of THE PROJECT is estimated at 24.5 M EJA made up of the following items:

ANNEX A

	1978 prices	M EUA physical and price contingencies	Total
Logging	1.7	0.4	2.1
Sawmill	3.6	1.0	4.6
Power Plant	3.7	1.3	5.0
Township	3.7	0.8	4.5
Port facilities	3.1	0.9	4.0
Forest Research	0.2		0.2
Consultancy services ¹	2.3	0.5	2.8
Miscellaneous (interest during construction, etc.)	<u>1.3</u>		<u>1.3</u>
Total	19.5	5.0	24.5

¹ Including 350 000 EUA already committed under EDF financing for preliminary design.

III. INDICATIVE FINANCING PLAN

in M EUA

	EDF Special Grant loan	IBRD	IDB	Govt ²	Total	
Logging		1.54		0.56	2.1	
Sawmill			4.02	0.58	4.6	
Power plant	5.0				5.0	
Township		1.4		3.1	4.5	
Port facilities		1.7		2.3	4.0	
Forest research		0.2			0.2	
Consultancy services	0.35 ¹ 0.45	2.0			2.8	
Miscellaneous (int. during training etc.)		1.2		0.1	1.3	
Total financing	5.0	0.8	8.04	4.02	6.64	24.5

¹ EUA 350 000 already committed in 1977 for preliminary design; the EUA 450 000 will be for final design.

² The Government contribution includes a risk capital contribution from the EDF's resources managed by EIB of EUA 3,150 000.

IV ARRANGEMENTS FOR EXECUTION

Contracting authority will be THE PROJECT COMPANY. Engineering, works supervision, and management responsibility during first years for THE PROJECT COMPANY will be undertaken by specialist consultants, who have already carried out the preliminary study under EDF-financing (accelerated procedure).

Items to be financed by the EDF, (power plant, engineering design) will be procured from ACP or EEC countries in accordance with rules of the Lomé Convention: the power plant by international tender and the engineering design by short listing.

ANNEX B

Definition of the European unit of account

By virtue of the Decision of the Council of the European Communities of 21st April 1975 published in Official Journal of the European Communities No L 104 of 24 April 1975, the European unit of account is defined as being the sum of the following amounts in the currencies of the Member States of the European Economic Community:

German mark	: : 0.1828	VI
Pound Sterling	: : 0.0885	
French franc	: : 1.15	III
Italian lire	: : 109.36	
Dutch guilder	: : 0.286	
Belgian franc	: : 3.66	
Luxembourg franc	: : 0.14	
Danish krone	: : 0.217	
Irish pound	: : 0.00759	

The value of the European unit of account in any given currency is equal to the sum of the equivalent in that currency of the amounts of currency referred to in the preceding paragraph. It is calculated by the Commission of the European Communities using daily market exchange rates.

The daily values of the unit of account in the various national currencies is made available every day and is published periodically in the Official Journal of the European Communities.

AMORTISATION TABLE

Due date of instalment	Amounts to be repaid expressed as percentage of the loan
1. 15 August 1989	1,43
2. 15 February 1990	1,44
3. 15 August 1990	1,45
4. 15 February 1991	1,45
5. 15 August 1991	1,46
6. 15 February 1992	1,47
7. 15 August 1992	1,48
8. 15 February 1993	1,48
9. 15 August 1993	1,49
10. 15 February 1994	1,50
11. 15 August 1994	1,51
12. 15 February 1995	1,51
13. 15 August 1995	1,52
14. 15 February 1996	1,53
15. 15 August 1996	1,54
16. 15 February 1997	1,54
17. 15 August 1997	1,55
18. 15 February 1998	1,56
19. 15 August 1998	1,57
20. 15 February 1999	1,58
21. 15 August 1999	1,58
22. 15 February 2000	1,59
23. 15 August 2000	1,60
24. 15 February 2001	1,61
25. 15 August 2001	1,62
26. 15 February 2002	1,62
27. 15 August 2002	1,63
28. 15 February 2003	1,64
29. 15 August 2003	1,65
30. 15 February 2004	1,66
31. 15 August 2004	1,66

Due date of instalment	Amounts to be repaid expressed as percentage of the loan
32. 15 February 2005	1,67
33. 15 August 2005	1,68
34. 15 February 2006	1,69
35. 15 August 2006	1,70
36. 15 February 2007	1,71
37. 15 August 2007	1,72
38. 15 February 2008	1,72
39. 15 August 2008	1,73
40. 15 February 2009	1,74
41. 15 August 2009	1,75
42. 15 February 2010	1,76
43. 15 August 2010	1,77
44. 15 February 2011	1,78
45. 15 August 2011	1,78
46. 15 February 2012	1,79
47. 15 August 2012	1,80
48. 15 February 2013	1,81
49. 15 August 2013	1,82
50. 15 February 2014	1,83
51. 15 August 2014	1,84
52. 15 February 2015	1,85
53. 15 August 2015	1,86
54. 15 February 2016	1,87
55. 15 August 2016	1,88
56. 15 February 2017	1,89
57. 15 August 2017	1,90
58. 15 February 2018	1,91
59. 15 August 2018	1,92
60. 15 February 2019	1,93
	<u>100,00</u>