

E U R O P E A N   I N V E S T M E N T   B A N K

U P P E R   D E M E R A R A   F O R E S T R Y   P R O J E C T

(Conditional Loan on Risk Capital Resources)

F I N A N C E   C O N T R A C T

between

G U Y A N A

and

E U R O P E A N   I N V E S T M E N T   B A N K

Luxembourg, 16th November, 1978

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 ;

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 rivers in Central Guyana as more fully described in the Technical Description contained in Schedule A (hereinafter called "THE PROJECT") ;

The total cost of THE PROJECT, including working capital and interest during construction, is estimated to be 77.8 million Guyana dollars, equivalent to approximately 24.5 million European Units of Account (hereinafter called "E.U.A." and defined in Schedule B) which will be part-financed as follows :

	<u>Guyana Dollars</u> (millions)	<u>European Units</u> <u>of Account</u> (millions approx.)
Equity in THE PROJECT COMPANY subscribed with THE BORROWER'S own resources	10.0	3.1
Grants to THE BORROWER by the Commission of the European Communities from European Development Fund Resources	2.5	0.8
Long term loan to THE BORROWER by the Commission of the European Communities from European Development Fund Resources to be onlent to THE PROJECT COMPANY	15.9	5.0
Long term loan to THE BORROWER from Inter American Development Bank to be onlent to THE PROJECT COMPANY	12.7	4.0
Long term loan to THE BORROWER from International Bank for Reconstruction and Development to be onlent to THE PROJECT COMPANY	25.4	8.0
Local Financing for THE PROJECT COMPANY	1.3	0.4
Total:	<u>67.8</u>	<u>21.3</u>

In order to complete the finance required THE BORROWER has requested THE EEC to provide, within the framework of the Indicative Aid Programme for Guyana, 3.2 million E.U.A. in the form of a conditional loan on risk capital resources under the provisions of Article 4 of Protocol No. 2 of the ACP-EEC Convention of Lomé (hereinafter called "THE CONVENTION") signed on 28th February 1975 between certain states in Africa, the Caribbean and the Pacific (hereinafter called "the ACP States") on the one hand and the member states and the Council of the European Communities on the other hand, the proceeds of the loan to be used for payment of further shares in the capital in THE PROJECT COMPANY;

THE BANK, on behalf of THE EEC, being satisfied that the objectives of this Contract comply with THE CONVENTION and that it is within the scope of its functions so to do, has decided to accede to the request of THE BORROWER ;

THIS CONTRACT IS MADE BETWEEN:

Guyana acting through the Minister for Finance  
under the Powers contained in The External Loans  
Act Cap 74:08 and all other powers thereunto  
enabling.

hereinafter called: "THE BORROWER"

of the first part, and

European Investment Bank having its Head Office  
provisionally at 2, Place de Metz Luxembourg,  
Grand Duchy of Luxembourg, acting on behalf of  
the European Economic Community (hereinafter  
called "THE EEC"), represented by  
Mr. Claud Richard Ross, one of its Vice Presidents

hereinafter called: "THE BANK"

of the second part

By Article 67 of THE CONVENTION the ACP States gave certain undertakings to make available the currency necessary for the payment of interest and commission on, and for the amortisation of, loans and quasi-capital aid granted for the implementation of aid measures on their territories;

Paragraph 2 of Article II of the Internal Agreement of 11th July, 1975 on the financing and administration of Community Aid provides that THE BANK shall undertake on behalf of THE EEC the financial execution of certain operations carried out with the resources of the European Development Fund;

His Excellency Mr. S.R. Insanally, Ambassador Extraordinary and Plenipotentiary of Guyana to the European Communities has been authorised by the Minister of Finance of Guyana to execute this Contract (Annexure I).

The Attorney General of Guyana has given a favourable opinion regarding this Contract (Annexure II);

NOW THEREFORE it is hereby agreed as follows:

#### ARTICLE 1

##### Amount of Credit and Disbursement

###### 1.01 Amount of Credit

THE BANK will establish in favour of THE BORROWER from Risk Capital Resources, and THE BORROWER agrees to accept the same on the terms herein set out, a credit of an amount equivalent to three million two hundred thousand European Units of Account (3 200 000 E.U.A.) to be used only for the payment for shares to be subscribed at par by THE BORROWER in THE PROJECT COMPANY of a nominal value not exceeding 10 million Guyana dollars.

###### 1.02 Disbursement Procedures

The credit will be disbursed to THE BORROWER on demand by it but subject to the conditions set out in Article 1.04.

Each request for disbursement must be received by THE BANK not less than thirty days before the date for which disbursement is requested.

Each disbursement shall be made to an account in the name of THE BORROWER with such bank as THE BORROWER may notify to THE BANK not less than fifteen days before the date of disbursement.

###### 1.03 Currency of Disbursement

THE BANK shall make every disbursement as it chooses in the currency of one or more Member States of THE EEC, and shall apply for the calculation of the amount of the credit disbursed the conversion rates between the E.U.A. and the currency or currencies selected in force on the tenth day before the date of disbursement (or if such day is not a working day, the first relevant working day thereafter) and ascertained in accordance with the provisions of Schedule B.

###### 1.04 Conditions of Disbursement

A. The first disbursement pursuant to Article 1.02 shall be subject to the conditions that, not less than 30 days before the date for which disbursement is requested:-

a) The Government of Guyana shall have taken all action necessary to exempt from taxation all payments of principal and interest hereunder and to permit the payment of interest gross without deduction of any tax at source;

B. THE BANK shall have received evidence satisfactory to it:-

- (i) That THE BORROWER has available, on terms satisfactory to THE BANK, the long term loans and grants in the amounts from the persons referred to in the second recital (or that THE BORROWER shall have available equivalent finance on terms and from other sources approved by THE BANK) and that THE BORROWER shall have made arrangements, satisfactory to THE BANK, for onlending such loans and grants to THE PROJECT COMPANY;
- (ii) that THE BORROWER shall have commenced construction of the unbuilt section of the access road to link the area of THE PROJECT with the Wismar-Rockstone road.

B. Moreover, each disbursement shall be subject to the condition that THE BANK shall have received evidence satisfactory to it not less than 30 days before the date for which disbursement is requested;

- (a) that THE BORROWER is obliged to pay THE PROJECT COMPANY within 60 days of the request for disbursement by way of call on shares subscribed by it in THE PROJECT COMPANY not less than 200% of the amount of the credit requested; and
- (b) that THE BORROWER has made payment pursuant to all calls made to it on the shares subscribed by it in THE PROJECT COMPANY prior to the call the subject of the request.

#### 1.05 Annulment of Credit

THE BORROWER may at any time annul, wholly or in part, the undisbursed balance of the credit.

THE BANK may at any time after 31st March 1981 annul, wholly or in part, the undisbursed balance of the credit.

If, before the credit hereunder has been fully disbursed, THE BORROWER has effectively obtained, from the sale of the currencies disbursed, G\$10 million (ten million Guyana dollars), the balance of the credit shall be automatically annulled.

#### 1.06 Cancellation of Credit

THE BANK shall have the right at any time to cancel the undisbursed portion of the credit following the occurrence of any such event as would, by reason of the provisions of Article 10, entitle THE BANK to demand immediate repayment of any part of the loan already advanced.

The undisbursed portion of the credit shall be cancelled automatically in the event that early repayment of the loan or any part thereof is demanded under the provision of Article 10.01.

In the event of cancellation of the undisbursed portion of the credit, THE BORROWER shall pay a cancellation commission thereon calculated at the rate of 0.25% per annum in respect of the period between the date hereof and the date of cancellation.

### ARTICLE 2

#### The Conditional Loan

##### 2.01 Amount of the Loan

The loan shall comprise that number of E.U.A. which is equivalent to the aggregate of all sums disbursed in the currencies used by THE BANK for disbursement, each disbursement being converted into E.U.A. at the rates of conversion used for such disbursement in accordance with Article 1.03.

The loan shall be repaid by THE BORROWER in the circumstances provided for in Articles 4 and 10.

2.02 Currency of Payments of Sums due by THE BORROWER under this Contract

The principal, interest and other charges payable by THE BORROWER hereunder shall be paid to THE BANK in the currencies of one or more of the Member States of THE EEC chosen by THE BORROWER, applying, for the calculation of the sums to be paid, the conversion rates between the E.U.A. and the currency or currencies selected, (and, in the case of repayments under Article 4.03, the Guyana dollar) in force on the tenth day before the date of payment (or if such day is not a working day, the first relevant working day thereafter) and ascertained in accordance with the provisions of Schedule B.

Unless otherwise herein provided, all other payments shall be made by THE BORROWER in the currencies specified by THE BANK, having regard to the nature of such payments.

2.03 Condition of Loan

If the circumstances referred to in Article 4.03 C shall arise, then provided that THE BORROWER shall not be in breach of its obligations hereunder, upon payment by THE BORROWER under the terms of Article 4.03 C in respect of the final distribution to shareholders made in the liquidation of THE PROJECT COMPANY, THE BORROWER's obligations in respect of any unpaid balance of the loan shall be discharged.

ARTICLE 3

Interest

3.01 Rate of Interest

The loan or the amount thereof for the time being outstanding shall bear interest at the rate of 2% (two per centum) per annum payable annually in arrears on the dates specified in Article 5.03.

3.02 Penalty

In the event of delay in the payment of any sum payable under this Contract, but without prejudice to the provisions of Article 10, THE BORROWER shall automatically and forthwith become liable to pay a penalty equivalent to interest at the rate mentioned in Article 3.01 increased by 2.5% (two point five per centum) per annum calculated on the unpaid sum from the due date to the actual date of payment; such penalty shall be paid in the same currency as the sum out of which it arises and shall, in the case of delay in the repayment of any amount of principal, be payable instead of and not in addition to the interest payable under Article 3.01.

3.03 Interest Payable Gross

THE BORROWER shall pay all interest or penalty payable to THE BANK pursuant to this Contract, gross without deduction of any taxes whatsoever.

ARTICLE 4

Repayment

4.01 Normal Repayment

Subject to the provisions of this Article 4 and of Articles 2.03 and 10, THE BORROWER shall repay the principal amount of the loan in accordance with the Amortisation Table contain in Schedule C by 15 annual instalments commencing on the 15th November, 1984.

4.02 Voluntary Early Repayments

THE BORROWER shall have the right at any time to repay all or part of the loan subject to 30 days prior notice to THE BANK.

4.03 Compulsory Early Repayment

A. In the event that THE BORROWER receives dividends on, or other cash distributions in respect of, its shares in the capital of THE PROJECT COMPANY which in any year exceed, before deduction of tax in respect of such dividends or distributions, 6% of the par value of such

shares at the beginning of such year, then it shall apply in making early repayment of the loan one-half of such proportion of the excess as the number of shares acquired directly or indirectly by means of the loan made hereunder bears to the total number of shares held by THE BORROWER at the beginning of such year. Such early repayment shall become due 60 days after the date of payment of the dividend or the cash distribution giving rise to it.

B. In the event that THE PROJECT COMPANY goes into liquidation (other than in the circumstances in C below) or that THE BORROWER sells or otherwise disposes of any of its shares in the capital of THE PROJECT COMPANY or that any of such shares are transferred by operation of law, THE BORROWER shall apply, in making early repayment of the loan, whichever the lesser of the amount of the loan for the time being outstanding and such proportion of the nominal value of the shares disposed of, or as the case may be such proportion of the monies received on winding up, as the number of shares acquired directly or indirectly by means of the loan made hereunder bears to the total number of shares owned by THE BORROWER on the occurrence of such event.

In the event that THE BORROWER transfers all or part of its shares to a public body wholly owned by it with the prior agreement of The BANK, it will be agreed between the parties the extent to which this clause shall apply.

Such early repayment shall become due 60 days after the date of sale or disposal or of the receipt of such monies as the case may be.

C. If THE PROJECT COMPANY goes into liquidation and it is shown to the satisfaction of THE BANK that the operation of its manufacturing facilities has definitively ceased:-

- (i) as from the date when THE BANK is so satisfied, no further interest due thereafter shall become payable and no further repayments of capital shall be made in accordance with the Amortisation Table contained in Schedule C;
- (ii) within 60 days of receipt of each and every distribution to the shareholders in the liquidation of THE PROJECT COMPANY, THE BORROWER shall repay to THE BANK whichever is the lesser of the amount of the loan outstanding and such proportion of the relevant distribution received by THE BORROWER as the number of shares which were acquired directly or indirectly by THE BORROWER by means of the loan made hereunder bears to the total number of shares owned by THE BORROWER at the date of liquidation.

#### 4.04 Provisions relating to all early repayments

Whenever only part of the balance of the loan for the time being outstanding is repaid early, the sums repaid shall be applied on satisfaction or reduction pro tanto of the outstanding instalments of principal in inverse order of their maturity.

Nothing in this Article shall prevent THE BANK from having recourse to the provisions of Article 10 of this Contract.

### ARTICLE 5

#### Payments

##### 5.01 Place of Payment

All sums payable by THE BORROWER hereunder shall be paid for the credit of such account or accounts as THE BANK shall have designated for the purpose by notice given not less than fifteen days before the due date of payment.

The requirement of 15 days notice shall not apply to any payment made in accordance with Article 10 of the present Contract.

5.02 Calculation of Payments Relating to a fraction of a Year

Any amount due by way of interest, commission or otherwise from THE BORROWER to THE BANK under this Contract and calculated by reference to a period being part of a year shall be calculated on the basis of a year of 360 days and a month of 30 days.

5.03 Dates for Payment

Sums due annually under this Contract are payable to THE BANK on the 15th day of November in each year.

Unless otherwise specified in this Contract, other sums payable are due within fourteen days of demand by THE BANK.

ARTICLE 6

Particular

6.01 Use of Loan

THE BORROWER shall use the loan solely for the payment for shares to be subscribed at par by THE BORROWER in THE PROJECT COMPANY of a nominal value not exceeding 10 million Guyana dollars and shall ensure that the subscription proceeds are used solely for investment in THE PROJECT.

6.02 Additional Finance

If when the credit has been fully disbursed THE BORROWER has not effectively obtained from the sale of the currencies disbursed 10 million Guyana dollars THE BORROWER undertakes to procure the balance of the finance required to enable it to subscribe and to pay up in full for shares in the capital of THE PROJECT COMPANY of a nominal value equal to not less than 20 million Guyana dollars.

6.03 Implementation of THE PROJECT

THE BORROWER shall ensure that THE PROJECT, as modified from time to time with the approval of THE BANK, is carried out and completed by 31st December, 1982.

6.04 Purchasing of goods and ordering of works

THE BORROWER shall ensure that THE PROJECT COMPANY shall purchase goods, secure services and order works for THE PROJECT, as far as it is appropriate and possible and to the satisfaction of THE BANK, by international competition open at least to nationals of Guyana, of the member States of the European Economic Community, and of the other states party to THE CONVENTION.

6.05 Management, Export and Concession Contracts

THE BORROWER will procure that THE PROJECT COMPANY shall have entered into contracts on terms satisfactory to THE BANK:

- (a) not later than 30th June 1979, with Agrar and Hydrotechnik GmbH for the provision of management services to THE PROJECT COMPANY;
- (b) not later than 1st January 1981, with Guyana Timber Export Board ("GTEB") appointing GTEB as exclusive agent for the export sale of THE PROJECT COMPANY's products;

THE BORROWER will further procure that the above agreements and the Timber Sales Agreement between THE BORROWER and THE PROJECT COMPANY dated 14th September 1978 shall not be cancelled or modified without the prior written consent of THE BANK.

6.06 Marketing Arrangements

THE BORROWER shall provide to THE BANK not later than 1st January 1981 proposals satisfactory to THE BANK for the export marketing by GTEB of the products of THE PROJECT COMPANY.



6.07 Access Road

THE BORROWER shall ensure that the access road linking the area of THE PROJECT with the Wismar-Rockstone road shall be capable of use for the transport of heavy machinery by the 30th June 1979.

ARTICLE 7

Security

7.01 Constitution of Security

In the event that THE BORROWER provides to a third party any security for the performance of any of its external debt service obligations or grants to any external creditor any preference or priority, THE BORROWER shall be obliged, if required, to provide to THE BANK on behalf of the EEC equivalent security for the performance of its obligations hereunder, or grant equivalent preference or priority in relation thereto.

Nothing in this section shall apply to any vendor's lien or other charge on property or goods purchased where such lien or charge secures only the purchase price of the property or goods.

ARTICLE 8

Information

8.01 Information concerning THE BORROWER

THE BORROWER shall :

- (a) inform THE BANK, a reasonable time in advance in order to enable THE BANK to exercise its rights under Article 7, of any proposal by it to grant security in respect of any external debt;
- (b) immediately inform THE BANK of the sale or other disposal, and of any intention to sell or otherwise dispose of, any of its shares in the capital of THE PROJECT COMPANY;
- (c) generally, advise THE BANK of any fact or event which might prevent the fulfilment of the obligations imposed on it by the provisions of this Contract.

8.02 Information concerning THE PROJECT and THE PROJECT COMPANY

THE BORROWER shall:

- (a) cause to be provided to THE BANK every three months, until it is completed a report on the progress and financing of THE PROJECT and such further documents and information concerning the progress and financing of THE PROJECT as THE BANK may reasonably require;
- (b) ensure that persons designated by THE BANK are permitted to inspect the sites, installations and works comprising THE PROJECT and to make such examinations as they consider necessary;
- (c) deliver to THE BANK, not later than thirty days after approval thereof, the annual report, the audited balance sheet and the profit and loss account of THE PROJECT COMPANY and any other information which THE BANK may reasonably require in order to assess the activities and the general financial position of THE PROJECT COMPANY;
- (d) inform THE BANK immediately of any alteration to the Memorandum or Articles of Association or constitution of THE PROJECT COMPANY or of any transfer or further issue of shares in its capital;

- (e) inform THE BANK immediately of the liquidation, or any proposal for liquidation, of THE PROJECT COMPANY;
- (f) inform THE BANK promptly of all dividends and cash distributions received by it in respect of its shares in THE PROJECT COMPANY;
- (g) generally inform THE BANK of all facts and events known to THE BORROWER and likely prejudicially to affect or significantly to alter the circumstances surrounding the completion or operation of THE PROJECT or the financial or other circumstances of THE PROJECT COMPANY.

## ARTICLE 9

### Charges and Expenses.

#### 9.01 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, and also any tax or fiscal levy, whether national or local, on interest, commission, penalties or capital repayments due from THE BORROWER to THE BANK hereunder.

#### 9.02 Other Charges

THE BORROWER shall pay all legal costs and other expenses incurred by THE BANK in connection with the execution and carrying into effect of this contract.

#### 9.03 Extraordinary Expenses

Any extraordinary expense incurred by THE BANK by reason of the exercise of its rights under this contract, which is reasonably chargeable to THE BORROWER, shall be reimbursed by THE BORROWER to THE BANK on demand.

## ARTICLE 10

### Early Repayment in the event of default etc.

10.01 The loan or any part thereof shall become repayable forthwith upon demand being made therefor by THE BANK following the happening 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 BANK 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 BANK on THE BORROWER requiring compliance;
- (c) if any fact or circumstances referred to in the Recitals shall have ceased to exist, or shall have changed, with the effect of materially prejudicing the interest of THE BANK;
- (d) if THE BANK 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.

10.02 The provisions of section 01 of this Article shall not be construed so as to place any limitation on any other right which is conferred by law on THE BANK to require early repayment of the loan.

10.03 In case early repayment is demanded under Article 10.01 as a result of default by THE BORROWER, THE BORROWER shall pay, by way of penalty, a sum calculated at the rate of 0.25% per annum on any amount of which early repayment is demanded between the date of demand and the date or dates when such amount or the respective parts of such amount would otherwise have been repaid.

10.04 No failure by THE BANK to exercise any of its rights under this Article shall be construed as a waiver of such right.

## ARTICLE II

### Governing Law and Jurisdiction

#### 11.01 Applicable Law

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

#### 11.03 Place of Performance

The place of performance of this Contract is the provisional seat of THE BANK.

#### 11.04 Jurisdiction

THE BANK and THE BORROWER submit to the jurisdiction of the Court of Justice of the European Communities and all disputes concerning this Contract shall be submitted to such court.

#### 11.05 Waiver

The parties hereto hereby agree to waive all immunities and privileges they may enjoy, in whatever country, against or concerning the jurisdiction of the Court of Justice of the European Communities or the execution of any decision of such court.

## ARTICLE 12

### Final Clauses

#### 12.01 Addresses

Addresses, notifications and communications from one party to the other concerning this Contract shall, in order to be valid, be sent to the following addresses:

FOR THE BORROWER : The Ministry of Finance  
Main & Urquhart Street  
Georgetown, Guyana  
Telegraphic address: MINFIN GUYANA

or in the case of litigation : Embassy of Guyana  
21-22 Avenue des Arts  
4040 Brussels

where it elects domicile

FOR THE BANK : 2 Place de Metz  
Luxembourg  
Grand Duchy of Luxembourg  
Telex: 3530 BANKEU LU  
Telegraphic address: Bankeurop  
Luxembourg

Each party may, by notice to the other, change its address or addresses as set out above Provided that it shall only be entitled to change its address where it elects domicile to another address in THE EEC, Until receipt of notification of a change address, notices shall be considered valid if sent to the addresses as set out above or to any changed addresses previously notified.

12.02 Form of Notices

Notices and other communications hereunder for which a time limit is fixed by the provisions of this Contract, or which impose a time limit on the addressee, shall be given by registered letter or telegram with recorded delivery by telex. For the purpose of calculating such time limits in the case of notices sent by letter or telegram, the date stamp or any other indication on the delivery receipt shall evidence the date of delivery.

12.03 Recitals, Schedules and Annexures

The Recitals and the Schedules form part of this Contract.

Schedule A	Technical Description
Schedule B	Definition of European Unit of Account
Schedule C	Amortisation Table
Annexure I	Authorisation of Signatory
Annexure II	Legal Opinion of Attorney General

IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed on their behalf in three originals in the English language.

Signed for and on behalf of  
**GUYANA**

Signed for and on behalf of  
EUROPEAN INVESTMENT BANK

S.R. Insanally  
Ambassador Extraordinary and  
Plenipotentiary of Guyana to  
the European Communities

C.R. Ross  
Vice-President

this 16th day of November, 1978, at Luxembourg

SCHEDULE A

TECHNICAL DESCRIPTION

The project relates to the study, construction and operation of a saw-milling complex with associated forestry development, planned to produce annually 41 300m<sup>3</sup> of sawn timber and 122 000 metres of poles. Investment involves mainly:-

Logging and transport

- (a) civil engineering
  - 600m<sup>2</sup> of garages
  - 810m<sup>2</sup> of shops and sheds
- (b) Equipment
  - 30 saws
  - 1 radio unit
- (c) Vehicles
  - 3 x 170 bhp skidders,
  - 3 x 140 bhp bulldozers,
  - 2 x 135 bhp graders,
  - 1 x 170 bhp log-loader,
  - 5 x 30 t log-trucks,
  - 3 x 10 m<sup>3</sup> dump-trucks,
  - 6 x 20 t timber-trucks,
  - 6 pick-ups,
  - 1 station wagon,
  - 1 low loader;

3000m<sup>2</sup> integrated sawmill and sawshop

6 MW power plant with facilities for gasifying waste wood;

Construction of dwellings for approximately 420 employees and their families with requisite social and sanitary infrastructure;

Construction of an approximately 25.8 km road from Wismar-Rockstone road to the port;

Construction of port facilities at Charters on the Demerara River.

The following work schedule is envisaged:

International tendering	:	mid 1979
Start of construction work	:	January, 1979
Commissioning of plant	:	2nd half of 1981

SCHEDULE B

DEFINITION OF EUROPEAN UNIT OF ACCOUNT

Pursuant to the decision of the Council of the European Communities of 21st April, 1975, published in the Official Journal of the European Communities on 24th April, 1975 (No. L104) the European Unit of Account is defined as the sum of the following amounts in the currencies of the Member States of the Community.

German Mark:	:	0.828
Pound Sterling	:	0.0885
French Franc	:	1.15
Italian Lire	:	109.-
Dutch Florin	:	0.286
Belgian Franc	:	3.66
Luxembourgish Franc:	:	0.14
Danish Krone	:	0.217
Irish Pound	:	0.00759

ATTORNEY GENERAL'S CHAMBERS,  
GEORGETOWN,  
GUYANA.

LEGAL OPINION

**FINANCE CONTRACT**

between  
GUYANA

and

**EUROPEAN INVESTMENT BANK**

Section 3(1) of the External Loans Act, Chapter 74:08 of the Laws of Guyana, as varied by Order No. 93 of 1977 made by the Minister on 12th November, 1977 pursuant to section 3(7), authorises Guyana to raise loans from external sources for the purpose of financing general development in Guyana to an amount not exceeding one billion Guyana dollars in the aggregate.

During October, 1978 officials of the Government of Guyana entered into negotiations at the Headquarters of the European Investment Bank in Luxembourg with officials of the Bank, acting on behalf of the European Economic Community, for the purpose of the Bank making available to Guyana risk capital in an amount equivalent to three million, two hundred thousand European Units of Account to be used by the Government for the payment of shares to be subscribed at par by it in Demerara Woods Limited, a company incorporated in Guyana, such shares being of a nominal value not exceeding ten million Guyana dollars.

The negotiations culminated in the drafting of a contract whereunder the Bank would make available to Guyana credit in the said amount and it is proposed to have the contract executed at the Headquarters of the Bank in Luxembourg in November, 1978 by the duly authorised representatives of Guyana and of the Bank.

In exercise of the power conferred upon him by section 3(5) of the External Loans Act the Minister of Finance duly authorised Guyana's Ambassador Extraordinary and Plenipotentiary to the European Community, His Excellency Rudolph Insanally, to sign the contract as the duly authorised representative of Guyana. A copy of the contract is by section 3(6) of the Act required to be laid before the National Assembly of Guyana as soon as practicable after it has been executed, but the requirement to lay the document is only a directory provision and does not affect the validity of the contract.

The amount of credit being made available to Guyana under the contract is within the limit prescribed by section 3(1) of the External Loans Act as varied by Order 93 of 1977.

The contract, draft copy of which is hereto attached, has been approved by the Cabinet of Guyana and, when executed by Guyana's said Ambassador, would constitute a valid and binding obligation of Guyana in accordance with the provisions of the contract.

Attached to this opinion are the authority of Guyana's Ambassador Extraordinary and Plenipotentiary to the European Economic Community, His Excellency Rudolph Insanally, to sign the contract as the duly authorised representative of Guyana and a copy of Order 93 of 1977.

M. Shahabuddeen (Sgd.)  
ATTORNEY GENERAL AND MINISTER OF JUSTICE

7th November, 1978.

ANNEXURE I

MINISTRY OF FINANCE,  
P.O. Box 757,  
Main & Urquhart Street,  
George town,  
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 Finance Contract with the European Investment Bank for the purpose of providing to Guyana risk capital of an amount equivalent to three million two hundred thousand European Units of Account (EUA 3,200,000) to be used for the payment of shares to be subscribed at par by Guyana in Demerara Woods Limited, a company incorporated in Guyana.

Given under my hand at the  
MINISTRY OF FINANCE, Georgetown,  
this 6th day of November, 1978.

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

The value of the unit of account in any given currency shall be 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

SCHEDULE C

AMORTISATION TABLE

UPPER DEMERARA FORESTRY PROJECT

Due date of Instalment	Amounts to be repaid expressed as percentage of the loan
1. 15 November 1984	5,78
2. 15 November 1985	5,90
3. 15 November 1986	6,02
4. 15 November 1987	6,14
5. 15 November 1988	6,26
6. 15 November 1989	6,38
7. 15 November 1990	6,51
8. 15 November 1991	6,64
9. 15 November 1992	6,78
10. 15 November 1993	6,91
11. 15 November 1994	7,05
12. 15 November 1995	7,19
13. 15 November 1996	7,33
14. 15 November 1997	7,48
15. 15 November 1998	<u>7,63</u>
	<u>100,00 %</u>