

A.I.D

PROJECT LOAN AGREEMENT

between

GUYANA

and the

UNITED STATES OF AMERICA

for

RURAL ROADS

Dated: December 30, 1978

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AID Project No. 504-0068

AID Loan No. 504-T-013

Project Loan Agreement

Dated: December 30, 1978.

Between

Guyana ("Borrower")

And

The United States of America, acting through the
Agency for International Development ("A.I.D.").

Article 1. The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2. The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of the strengthening and expansion of the institutional capacity of the Borrower's Ministry of Works and Transport (MWT) to maintain and construct Guyana's road system in rural areas and to permit it to continue a feeder road program. Annex 1

attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.3, without formal amendment of this Agreement. The Project will be carried out by the Grantee's Ministry of Works and Transport.

Article 3. Financing

SECTION 3.1. The Loan. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Six Million Two Hundred Thousand U.S. Dollars (\$6,200,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2, of goods and services required for the Project.

SECTION 3.2. Borrower Resources for the Project.

(a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan,

and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Borrower for the Project will be not less than the equivalent of U.S. \$2,070,682, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Loan will have been performed and all goods financed under the Loan will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to

in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. Loan Terms

SECTION 4.1. Interest. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5) of each respective disbursement and will be payable semi-annually. The first payments of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semi-annual installments of Principal and

interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 4.3. Application, Currency and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C., 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms.

(a) The Borrower and A.I.D. agree to negotiate at such time or times as either may request, an acceleration

of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Guyana, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.2, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.2, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under Subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of the Borrower's Ministry of Finance in Guyana.

SECTION 4.6. Termination on Full Payment.

Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

Article 5. Conditions Precedent to Disbursement.

SECTION 5.1. First Disbursement. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the Attorney General of Guyana or other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the Office of the Borrower specified in Section 9.3, and of any additional representatives, together with a specimen signature of each person specified in such statement; and

(c) Evidence that the MWT has appointed and duly authorized a full-time manager for the Project.

SECTION 5.2. Disbursement for Equipment or Parts. Except as A.I.D may otherwise agree in writing, prior to any disbursement of the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance equipment or spare parts, the Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D. a list of the equipment or spare parts for which disbursement is requested.

SECTION 5.3. Disbursement for the Mechanical Division. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for MWT's Mechanical Division, the Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that three additional qualified engineers and/or experienced mechanical supervisors have been added to the staff of the Mechanical Division;

(b) An Implementation Plan for the accelerated repair program indicating the equipment to be overhauled, the funding to be provided and the work schedule; and

(c) Evidence that the Borrower has solicited financing from the Overseas Development Ministry of the United Kingdom, for one senior mechanic and at least \$300,000 in spare parts.

SECTION 5.4. Disbursement for the Laboratory.

Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for MWT's Soils, Materials and Research Laboratory, the Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Plans and specifications, bid documents, cost estimates, equipment lists and time schedules for the Laboratory to be built under the Project;

(b) Evidence that the Borrower owns title to the land on which the Laboratory will be built; and

(c) An executed contract for construction or other services related to the Laboratory with a firm acceptable to A.I.D.

SECTION 5.5. Disbursement for Feeder Roads.

Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance the construction of any portion of a feeder road, the Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An updated economic feasibility analysis of that portion of the feeder road for which disbursement is requested;

(b) A detailed implementation plan for carrying out the feeder road program either by force account or with private contractors or both;

(c) Plans and specifications, bid documents, cost estimates, and time schedules for constructing the portion of the feeder road for which disbursement is requested; and

(d) An executed contract for construction or other services for the portion of the feeder road for which disbursement is requested with a firm acceptable to A.I.D.

SECTION 5.6. Disbursement for Technical Assistance.

Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance Technical Assistance, the Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A Technical Assistance Plan indicating for each advisor requested his scope of work, the MWT counterpart assigned to him, and his schedule of working;

(b) An executed contract or contracts for engineering or other technical services for the Project with a firm or firms acceptable to A.I.D.

SECTION 5.7. Notification of Meeting Conditions

Precedent. When A.I.D. has determined that the conditions precedent specified in Sections 5.1 through 5.6 have been met, it will promptly notify the Borrower with respect to each Section.

SECTION 5.8. Terminal Dates for Conditions

Precedent.

(a) If all of the conditions specified in Section 5.1 have not been met within three months from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this Agreement by written notice to the Borrower.

(b) If all of the conditions specified in Section 5.6 have not been met within six months from the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this Agreement by written notice to the Borrower.

(c) If all of the conditions specified in Sections 5.2, 5.3, 5.4 and 5.5 have not been met within one year from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the

event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

Article 6. Special Covenants

SECTION 6.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project at one or more points thereafter; (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 6.2. Borrower Counterpart Contribution to the Project. The Borrower covenants and agrees that it will furnish to A.I.D. on an annual basis, evidence satisfactory in form and substance to A.I.D. that adequate resources have been allocated to provide the required counterpart funding to the Project.

SECTION 6.3. Budget Support for Road Maintenance.

The Borrower, except as A.I.D. may otherwise agree in writing, shall increase its annual budget and expenditures for road maintenance (excluding labor) by at least G \$750,000 each year during the Project until such expenditures reach G \$5,000,000 annually.

Article 7.

SECTION 7.1. Foreign Exchange Costs.

(a) Except for ocean shipping, disbursements pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

(b) Ocean transportation costs will be financed under the Loan only on vessels under flag registry of the United States or Guyana, except as A.I.D. may otherwise agree in writing.

SECTION 7.2. Local Currency Costs. Disbursements pursuant to Section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Guyana ("Local Currency Costs").

Article 8. Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange costs of goods or services required for the Project in accordance with the terms of this Agreement by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers, for such goods or services.

(b) Banking charges incurred by Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

SECTION 8.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase, or from local currency already owned by the U.S. Government; or

(2) by A.I.D. (A) requesting the Borrower to make available the local currency for such costs, and (B) thereafter making available to the Borrower through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Borrower or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Borrower, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. Dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1), above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 8.3. Other Forms of Disbursement.

Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. Except as may be more specifically provided under Section 8.2, if funds provided under the Loan are introduced into Guyana by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into currency of Guyana at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Guyana.

SECTION 8.5. Date of Disbursement. Disbursements of the Loan by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Borrower of its designee, or to a bank, contractor or supplier, pursuant to a Letter of Commitment, contract or purchase order, (b) on the date on which A.I.D. disburses to the Borrower or its designee local currency acquired in accordance with Section 8.2(b)(1) hereof; or, (c) if local currency is obtained in accordance with Section 8.2(b)(2), on the date on which A.I.D. opens or amends the Special Letter there referred to.

Article 9. Miscellaneous

SECTION 9.1. Investment Guaranty Project Approval.
 Construction work to be financed under this Agreement is agreed to be a project approved by Guyana pursuant to the Agreement between it and the United States of America on the subject of investment guaranties, and no further approval by Guyana will be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

SECTION 9.2. Communications. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Borrower:

Mail Address: Minister of Works and Transport
 P.O. Box 26
 Georgetown, Guyana

Address for Cables: MINW&T
 Georgetown, Guyana

To A.I.D.:

Mail Address: USAID Mission to Guyana
 P.O. Box 25
 Georgetown, Guyana

Address for Cables: USAID, American Embassy
 Georgetown, Guyana.

Other addresses may be substituted for the above upon the giving of notice. The Borrower, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

SECTION 9.3. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Minister of Finance and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to Guyana, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 9.4. Standard Provisions Annex.
A "Project Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day first above written.

GUYANA

H. Desmond Hoyte

Title: Minister of Economic Development and Cooperatives

(Sgd) H. Wilkinson
Title: Secretary to the Treasury

UNITED STATES OF AMERICA

Presence of:

By: (Sgd) Edna A. Boorady
 Edna A. Boorady

Director, USAID Mission to Guyana

Richard A. Dwyer
 Charge d'Affaires a.i.

Certified to be a true copy of the original signed by Edna A. Boorady, Director, USAID/Guyana.

Joseph A. Charette
 Joseph A. Charette
 Capital Development Officer

PROJECT LOAN AGREEMENT

RURAL ROADS

PROJECT DESCRIPTION

The Project purpose is to strengthen and expand the capacity of the Ministry of Works and Transport (MWT) to maintain and construct Guyana's road system and to permit it to continue a feeder road program. The Project is divided into two components - an institution building program and a feeder road program.

The institutional component of the Project will focus on:

- a) bringing the road support services of the Ministry, particularly the mechanical maintenance and repair capacity to a higher standard to enable it to provide adequate support to the operating divisions; and
- b) strengthening the Road Maintenance and the Road Construction Divisions.

The feeder road component will primarily consist of the construction of approximately 25 miles of all-weather rural feeder roads in the agricultural belt along the coast. This component of the Project will also focus on: a) strengthening the construction techniques of the Roads Division construction units, and b) developing in-country capability by Roads

Division personnel and private contractors in all aspects of road construction planning and implementation.

Section A.. Development of MWT's Capacity to Maintain and Construct Guyana's Road System.

In order to strengthen and expand the capacity of the MWT to achieve the objective stated above, the Project includes the following provisions: technical assistance, construction, workshop and laboratory equipment, spare parts, materials, and services, to the Ministry's Mechanical Division, the Road Maintenance and Road Construction Divisions, and to other selected operating elements of MWT, as described below. In addition, training and technical assistance in support of the organizational units of MWT described below are being financed by a complementary Project Grant Agreement for Rural Roads, A.I.D. Project No. 504-0068, the first increment of which was funded in Fiscal Year 1978. A summary of the technical assistance and training being provided under the Project Loan Agreement and the Project Grant Agreement is at Attachment A.

1. Mechanical Division

With the assistance of funds made available under this Project, the MWT will undertake both a short-term and a long-term program to improve its capability to effect equipment overhaul and maintenance.

The short-term program will be aimed primarily at restoring and overhauling essential heavy construction equipment and trucks which are presently inoperable or subject to frequent breakdowns because of the lack of spare parts and/or preventive maintenance. Procurement in lieu of repair will be undertaken if one or two essential items of equipment prove to be uneconomic to repair. For this exercise, the two principal workshops of the Mechanical Division and the facility of GUYTRAC, the local Caterpillar dealer, will be used. To assist in this task the Project will finance the cost of the following:

- 1) Necessary spare parts and tools
- 2) Contracting with GUYTRAC for major overhaul of equipment and procurement and storage of Caterpillar parts.

Building on the recommendations of the U.N.D.P.-sponsored Management Study, the long-term program will upgrade the operation of its two principal workshops in Georgetown, namely Ruimveldt Rebuild Workshop and Central Workshop, and one of its District Workshops, namely Timehri Workshop. For this task, the Project will finance the following:

- 1) Needed shop equipment and spare parts.
- 2) Expansion to Ruimveldt Rebuild Workshop and Central Workshop.

In order to restore to useful service a large number of immobilized British trucks, the Government of Guyana will solicit assistance from the Overseas Development Ministry of the United Kingdom, such assistance to consist of the services of a British mechanic and a minimum of \$300,000 in spare parts.

2. Roads and Supply Divisions

(a) Roads Division

In order to train and assist personnel of this Division to upgrade their capability in the execution of construction work and to develop private construction contractor capability, the following technical assistance is provided:

- i) One Highway Construction Specialist for up to 36 person months to train local highway contractors in the planning, programming and detailed execution of road works; also to train contractors to tender for works.
- ii) One Highway Engineer for up to 36 person months to assist the Roads Division with the preparation of bid documents, contract documents, selection, award of contracts, contract supervision and force account construction supervision.

(b) Supply Division

A modest budget is included for procurement of needed equipment and materials for the Supply Division.

3. Scholarship for Higher Professional Training and Practical Attachments.

In view of MWT's need for an adequate number of qualified and competent technical and professional personnel, up to 11 scholarships for advanced professional training to the Master's degree level and 10 participant training grants are provided under the Project (for qualified participants whose absence will not delay or harm the Project) as follows:

- 1) Eight scholarships for Engineers of the Roads Division in such subjects as pavement design, geometric design, traffic management, road structures, road construction and soils. Actual courses selected will be based upon agreement between the Borrower and persons awarded scholarships. Upon completion of the academic training each year, each engineer is to spend six months on a participant training grant to observe practical application of his speciality with an American organization.

- 2) Three scholarships for the Central Transport Planning Unit in the fields of transportation/planning.
- 3) Two participant training grants for two members of the staff of the Roads Maintenance Division to spend six months in the U.S. for observation of road maintenance in a State Highway Department.

A modest amount of educational materials is included for use in the training program being conducted by the training and technical assistance team which is being financed under the complementary Project Grant Agreement.

4. Soils and Materials Laboratory.

To assist MWT in its plan to upgrade and improve the effectiveness of the Soils and Materials Laboratory, the Project includes funds for a new building, including laboratory equipment and furnishings, so that the entire soils, materials and research section can be housed in the same structure. When completed, the Laboratory is to develop a concrete testing capacity, and to intensify its research activities, especially into building and foundation design, and in the correlation between pavement design and paving performance, in order to modify road construction methodology to suit local conditions.

Section B. Construction of Feeder Roads

The feeder road component of the Project is to be administered by the Roads Division of MWT and is to consist of the construction of approximately 25 miles of all-weather feeder roads. The roads are to be located in the agricultural belt along the coast from roughly the Pomeroun to the Corentyne River within 15 to 20 miles of the coast, and are to connect to the coastal road network.

The objective of this component is twofold, to -

- 1) increase agricultural production and sales by facilitating the delivery of agricultural inputs and related crops to market; and
- 2) develop in-country capability by training Roads Division personnel and local private road construction contractors in all aspects of planning, programming and managing road construction.

A tentative list of roads has been developed (see Attachment B) but final selection will be based upon mutual agreement between MWT and A.I.D. during Project Implementation. The roads selected are to be built to AASHO standards for feeder roads, maximum two lane, all-weather bitumen-surfaced (see Attachment C).

The basic eligibility criteria for selecting individual feeder roads for financing will be a satisfactory design and technical and economic study which:

- 1) demonstrates that the technical alternatives proposed, including alternative design standards, are optimal in terms of cost and benefits generated, projected traffic, etc.
- 2) presents preliminary engineering plans and a reasonably firm estimate of the cost of the road construction to be carried out.
- 3) demonstrates that the individual feeder road generates an economic rate of return of at least 10 percent.
- 4) ensures that a feeder road will primarily benefit the small farmer in the one-to-fifteen acre range.
- 5) provides that the individual road segment connects to an existing all-weather road, except in the case of Leguan Road which, if selected, will connect to the water transport system.
- 6) presents evidence that, once the road construction or improvement is completed in a given region, no other major bottleneck or input constraint exists which would prevent the benefit stream projected

under Item 3 above from being realized. "

In particular, presents evidence, where drainage and irrigation (D&I) are deemed necessary to obtain the projected benefit stream, that the D&I will be provided at the proper time.

ensures that proper maintenance capability is installed for specific application to rural feeder roads.

- 8) ensures that the road segment chosen is appropriate for the training objectives of the Feeder Road component.

Small double lane, wooden bridge structures will be constructed over canals. The Roads Division will survey, prepare soil analyses, design, and prepare construction plans for each road selected.

Funding for the Feeder Road component of the Project is not to exceed US \$3.0 million from funds made available under the A.I.D. financed loan.

Section C. Project Financial Plan

The projected cost of the activities to be financed by the Loan during the four-year disbursement period of the Project will total US \$6,200,000; the Government of Guyana will provide \$2,070,682 from budgetary resources and in-kind contributions. Its contribution will include salaries, local support of technical advisors, road construction, land, and local costs of the overhaul of major road construction equipment.

Project Financial Plan (U.S. \$)

	<u>A. I. D.</u>	<u>GOG</u>	<u>Total</u>
Institution Building			
1. Mechanical Division	\$1,451,470	\$552,533	\$2,004,003
2. Roads Division	480,000	54,588	534,588
3. Supply Division	40,000	10,000	50,000
4. Scholarships and Materials	280,000	131,038	411,038
5. Soils and Materials Laboratory	847,040	283,523	1,130,563
Contingency	101,490	39,000	140,490
Feeder Roads	3,000,000	1,000,000	4,000,000
Total Project	\$6,200,000	\$2,070,682	\$8,270,682

PROJECT GRANT/LOAN AGREEMENT

for

RURAL ROADS

TECHNICAL ASSISTANCE

The Technical Assistance being provided under the Project is summarized as follows:

One Project Manager/Highway Engineer*	36 months
One Highway Construction Engineer*	36 months
One Equipment Management Specialist	24 months
One Heavy Equipment Shop Administrator	24 months
One Master Mechanic	18 months
One Vehicle Electrical Specialist	18 months
One Soils Engineer	36 months
One Senior Transport Planner/Economist	18 months
One Transport Economist	6 months
One Senior Transport Engineer	6 months
One Senior Supply Administrator	18 months
One Technical Training Specialist	30 months
One On-the-Job Training Specialist	12 months
One Heavy Equipment Operator Training Advisor	12 months
Short-term Specialists	6 months
	300 months

* Loan funded; all others are funded by a Grant.

PROJECT LOAN AGREEMENT

for

RURAL ROADSTENTATIVE ROAD LIST

The Guyana road program provides for partial (NTE 75%) A.I.D. financing for constructing all-weather roads along approximately 25 miles of existing farm-to-market penetration trails. The following roads have been tentatively selected for construction under the program:

Name	Location	Length (Miles)	Cost M. G\$	I.R.R.
Port Mourant	East Berbice	13.40	5.2	18%
No. 72 Dam	East Berbice	3.73	1.8	20%
Clonbrook	East Demerara	6.0	1.9	37.2%
	Total	23.13	8.9	

PROJECT LOAN AGREEMENT

for

RURAL ROADSDESIGN CRITERIA

The Rural Feeder Road will be designed for H-15 (AASHO) loading with a minimum of 16 feet road bed and surfacing of 2" to 2½" of thickness (Double Bituminous Surface Treatment) to provide all-weather access. The project area involves flat lands. Drainage structures will be constructed. Concrete pipes will be used for minor drainage. Bridges to have a deck width of 16 feet. Generally, bridges to be of timber.

Design Standards

- | | |
|-----------------------------|------------|
| 1. Roadway Width | |
| i) Paving | 16 feet |
| ii) Road Base | 22 feet |
| 2. Surface Thickness | 2" DBST |
| 3. Capacity (AASHO) | H-15 |
| 4. Maximum Horiz. Curvature | 23° |
| 5. Fill Slopes | 1½:1 |
| 6. Cross Slopes | 2% |
| 7. Shoulder Width | 2 x 3 feet |
| 8. Base of Sand and Clay | 9" - 10" |
| 9. Subbase of Sand | 12" |
| 10. Sand Fill as Required | |

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Loan Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters. To assist Borrower in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Borrower will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules, or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services. Page 2

(a) Any resources financed under the Loan will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Loan, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. [See Handbook 18, Appendix D.]

SECTION B.4. Taxation.

(a) This Agreement and the Loan will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Borrower.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Loan, and any property or transactions relating to such contracts and (2) any commodity procurement transaction financed under the Loan are not exempt from identifiable taxes, tariffs, duties, or other levies imposed under laws in effect in the territory of the Borrower, the Borrower will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Loan.

SECTION B.5. Reports, Records, Inspections, Audit.

The Borrower will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired

SECTION B.5. (b)

under the Loan. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Loan.

SECTION B.6. Completeness of Information. The Borrower confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Borrower affirms that no payments have been or will be received by any official of the Borrower in connection with the procurement of goods or services financed under the Loan except fees, taxes, or similar payments legally established in the country of the Borrower.

SECTION B.8. Information and Marking. The Borrower will give appropriate publicity to the Loan and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions**SECTION C.1. Special Rules.**

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Borrower will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Loan will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Borrower will furnish to A.I.D. upon preparation:

(1) any plans, specifications, procurement or construction schedules, contracts, or other documents relating to goods or services to be financed under the Loan, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Loan, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Loan will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Loan for engineering and other professional services, for construction services, and for such other services, equipment, or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Loan. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Borrower may not be financed under the Loan if transported either:

(1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment; or

(2) on an ocean vessel which A.I.D., by written notice to the Borrower has designated as ineligible; or

(3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Loan, if such goods or persons are carried:

SECTION C.6.

(1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or

(2) on an ocean vessel which A.I.D., by written notice to the Borrower, has designated as ineligible; or

(3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels,

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry-bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Borrower on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to any cargo transported from U.S. ports and also any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Borrower may be financed as a Foreign Exchange Cost under this Agreement provided,

(1) such insurance is placed at the lowest available competitive rate, and

SECTION C.7.

(2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Borrower (or government of Borrower), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Borrower financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Borrower will insure, or cause to be insured, goods financed under the Loan imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Borrower under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Borrower agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Loan, should be utilized. Funds under the Loan may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Cancellation by Borrower. The Borrower may, by giving A.I.D. 30 days written notice, cancel any part of the Loan which has not been disbursed or committed for disbursement to third parties.

SECTION D.2. Events of Default; Acceleration. It will be an "Event of Default" if Borrower shall have failed:

(a) to pay when due any interest or installment of Principal required under this Agreement, or

SECTION D.2.

(b) to comply with any other provision of this Agreement, or

(c) to pay when due any interest or installment of Principal or other payment required under any other loan, guaranty or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may give the Borrower notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

(1) such unrepaid Principal and accrued interest hereunder will be due and payable immediately, and

(2) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

SECTION D.3. Suspension. If at any time:

(a) An Event of Default has occurred; or

(b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or

(c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(d) The Borrower shall have failed to pay when due any interest, installment of principal or other payment required under any other loan, guaranty, or other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

Then A.I.D. may:

(1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to the Borrower;

(2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and

SECTION D.3.

(3) at A.I.D.'s expense, direct that title to goods financed under the Loan be transferred to A.I.D. if the goods are from a source outside Borrower's country, are in a deliverable state and have not been offloaded in ports of entry of Borrower's country. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

SECTION D.4. Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Loan that is not then disbursed or irrevocably committed to third parties.

SECTION D.5. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder.

SECTION D.6. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Borrower to refund the amount of such disbursement in United States Dollars to A.I.D. within sixty (60) days after receipt of a request therefor. The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

(b)

(1) Any refund under the preceding subsection, or

(2) any refund to A.I.D. from a contractor, supplier, bank, or other third party with respect to goods or services financed under the Loan, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will,

SECTION:

A. be made available first for the cost of goods and services required for the Project, to the extent justified, and

B. the remainder, if any, will be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan reduced by the amount of such remainder.

SECTION D.7. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.