

**AGREEMENT ON REDUCTION AND REORGANIZATION OF DEBTS
BETWEEN
THE GOVERNMENT OF THE COOPERATIVE REPUBLIC OF GUYANA
AND
THE GOVERNMENT OF THE REPUBLIC OF FRANCE**

The Government of the Cooperative Republic of Guyana and the Government of the Republic of France, in order to give effect to the recommendations of the Agreed Minute of the meeting within the framework of the Paris Club on June 25, 1999, have agreed as follows

TERMS OF THE REORGANIZATION
ARTICLE I
(Debts concerned)

1/ The reorganized debt of the Cooperative Republic of Guyana to France covered by the present Agreement is made up of all payments due on the consolidated amounts pursuant to the bilateral agreement concluded between the Government of the Republic of France and the Government of the Cooperative Republic of Guyana on April 9, 1997.

It is understood that the debt service, due as a result of the consolidated debts described above, and effected through special payment mechanisms or other external accounts, is included in the present reduction and reorganization.

It is understood that payments due under lease rentals are excluded from the present reorganization.

2/ a) The " Relevant Principal " is made up of 65% of principal outstanding as from May 23, 1999, on debts mentioned in paragraph 1/ hereabove, including principal and interest (including late interest) in arrears. This interest, for each category of debt, is computed at the rate of the corresponding credits, loans or consolidation agreements for each category of debt as defined in paragraph 1/ hereabove. The present reorganization will apply to the " Relevant Principal "

b) it is understood that the 35% to which the present reorganization does not apply continue to be governed by the terms of the bilateral agreement concluded between the Government of the Republic of France and the Government of the Cooperative Republic of Guyana on April 9, 1997.

3/ The total amount of the " Relevant Principal " (excluding late interest) referred to in paragraphs 1/ and 2/ hereabove is estimated as at the date of the present Agreement, at 219,032.47 Euros (*) and 837,470.43 Dollars of the United States of America. This amount is due to the COFACE (Compagnie Française d'Assurance pour le Commerce Extérieur) on the consolidation referred to in paragraph 1/ above (Annex I).

In case of a mutually acknowledged error of estimation, the amounts so estimated shall be modified by the Parties hereto.

The Annex mentioned above will form an integral part of this Agreement.

(*) Provisional estimate

4/ 40% of the " Relevant Principal " due on debts referred to in paragraphs 1/ and 2/a) above and described in Annex I will be cancelled. The remaining 60% will be rescheduled.

5/ The total amount of late interest capitalized as at May 23, 1999 and referred to in paragraph 2/ hereabove will be notified by the COFACE to the Bank of Guyana within the month following the signature of the present Agreement.

6/ The present Agreement shall in no way affect rights and obligations under the common law or under commitments undertaken by the Parties in the contracts referred to above, without prejudice to the provisions of Articles IV, V and VI.

7/ In the event of any amendment being made as from December 31, 1988 to the contracts concerning the maturities due on loans and credits having an original maturity of more than one year, concluded before December 31, 1988, resulting in the increase of the Cooperative Republic of Guyana's commitments towards France, such new commitments would not be covered by the provisions of this Agreement.

ARTICLE II **(Rescheduling)**

The non cancelled part of the " Relevant Principal " due on the debt of the Cooperative Republic of Guyana referred to in Article I paragraphs 1/ and 2/a) above and described in Annex I of the present Agreement shall be rescheduled.

The Government of the Cooperative Republic of Guyana shall repay 60% of the total amount of the " Relevant Principal " of debts referred to in Article I paragraph 1/ above, and described in Annex I of the present Agreement. It shall be paid directly to the Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE), as indicated in Table A1 attached to the Agreed Minute dated June 25, 1999. The first semester referred to in this Table is the six month period beginning on November 23, 1999 ; for each semester, the due date is the first day of the corresponding semester. Accordingly to the Table A1 attached to the Agreed Minute dated June 25, 1999, the first repayment in principal is on November 23, 2005.

ARTICLE III **(Debt swaps)**

On a voluntary and bilateral basis, the Government of the Republic of France or its appropriate institutions may sell or exchange, in the framework of debt for nature, debt for aid, debt for equity swaps or other local currency debt swaps, the amounts of outstanding credits and loans mentioned in Article I paragraph 1/ above, up to 20% of the amounts of outstanding credits as from May 6, 1993 or up to an amount of 10 million SDR, whichever is higher.

The amounts of the credits covered by an effective debt swap shall be deducted from the amounts remaining due pursuant to the present Agreement, provided they are included in the debt reorganized by the present Agreement ; they shall cease to bear interest as from the date of effective payment under the swap operation.

The content and the arrangements of the debt swap operations shall be defined in a specific agreement to be concluded between the French Government or its appropriate institutions and the Government of the Cooperative Republic of Guyana or its appropriate institutions.

ARTICLE IV

(Calculation of late interest accrued as at May 23, 1999)

1/ Late interest accrued as at May 23, 1999 inclusive and capitalized at that date on the arrears referred to in Article I paragraphs 1/ and 2/a) of the present Agreement shall be calculated at the rates and according to the provisions of the bilateral agreement concluded between the Government of the Republic of France and the Government of the Republic of Guyana on April 9, 1997. They apply from the original contractual due date up to May 23, 1999.

2/ Late interest capitalized as at May 23, 1999 shall bear interest from May 24, 1999 at the rates and at the conditions of Article VI paragraphs 1/ and 3/a). This interest will be paid in the conditions of Article VI paragraph 3/b) above.

ARTICLE V

(Treatment of late interest accrued on the cancelled part)

Without any prejudice to the proper rights that the original creditors could assert, the COFACE will charge no late interest on the cancelled part of debts referred to in paragraphs 1/ and 2/a) of Article I above and described in Annex I of the present Agreement.

ARTICLE VI

(Interest)

1/ The Government of the Cooperative Republic of Guyana shall pay, on the rescheduled amounts covered by the present Agreement, an interest at a rate which will be determined as follows

- for maturities denominated in Euros, 6.25% per annum, all charges and fees included

- for maturities denominated in Dollars of the United States of America, the monthly average of the six month LIBOR (London InterBank Offered Rate) on Dollar of the United States of America recorded during the last calendar month prior to the concerned period of calculation, increased by a margin of 0.5% per annum, all charges and fees included.

2/ These rates apply and replace the rates of the original contracts from the original contractual due dates up to the dates of repayment of the consolidated amounts.

3/ a) The calculation of the interest will be made, on the basis of 360 day year period, starting from the original contractual due dates up to the dates of repayment of the consolidated amounts, on six month calculation period ending on November 23 and May 23 of each year

b) the interest due according to the provisions above shall be paid on November 23 and May 23 of each year, the first payment to be made on August 23, 2000.

If these interest payments were not made on due dates, they would bear interest at the increased rate as defined in paragraph 5/ hereafter.

4/ The interest rate applying to payments referred to in Article X paragraph 2/ is the one defined in paragraph 1/ above. It applies according to the provisions mentioned in paragraphs 1/, 2/ and 3/ above, from the original contractual due dates up to the effective dates of repayment.

5/ In case of delay on any payment provided for in the present Agreement, including the payments referred to in Article X paragraphs 2/ and 3/ hereafter, made after the appropriate deadline of January 7, 2000 mentioned in the same Article X paragraphs 2/ and 3/, the interest charged on the basis as defined above will be increased by one point, with intermediate capitalization as at November 23 of each year. However, this interest will not be charged if it is smaller than 200 Euros.

ARTICLE VII

(Unit of account and of payment)

All the obligations arising from the present Agreement will be expressed in the original currency of the contracts. The obligations relating to contracts originally denominated in French Francs will be denominated in Euros ; so will the payments relating to those obligations.

GENERAL PROVISIONS

ARTICLE VIII

The Bank of Guyana, on the one hand, and the COFACE on the other hand, will act as the authorized agents of their respective Government in executing the provisions of the present Agreement.

The methods of payment or of cancellation of the " Relevant Principal " due on debts referred to in Article I paragraphs 1/ and 2/a) and described in Annex I and of the interest on these debts, will be determined by the agreement to be concluded between the Bank of Guyana and the COFACE.

ARTICLE IX

According to the provisions of the June 25, 1999 Agreed Minute :

1/ In order to secure comparable treatment of its debt due to all its external public or private creditors, the Government of the Cooperative Republic of Guyana commits itself to seek promptly from all its external creditors debt reduction and reorganization arrangements on terms comparable in net present value to those set forth in the Agreed Minute dated June 25, 1999 and in the present Agreement for credits of comparable maturity. Comparability of treatment for debt reduction in net present value is assessed not only on the basis of the reduction in the face value of the debt but also on the terms of repayment of the debts not cancelled.

Consequently, the Government of the Cooperative Republic of Guyana commits itself to accord all categories of creditors -and in particular creditor countries not participating in the June 25, 1999 Agreed Minute, commercial banks and suppliers- a treatment not more favourable than that accorded to the Participating Creditor Countries.

2/ In order to compare the agreements concluded by the Government of the Cooperative Republic of Guyana with its creditor countries not participating in the June 25, 1999 Agreed Minute on the one hand, to those concluded with the Participating Creditors Countries on the other hand, all relevant elements will be taken into account, including the real exposure of the creditor countries not participating in the June 25, 1999 Agreed Minute, the level of cash payments received by those creditor countries from the Government of the Cooperative Republic of Guyana as compared to their share in the Cooperative Republic of Guyana's external debt, the nature and the characteristics of all treatment applied, including debt buy backs, and all characteristics of the reorganized claims and in particular their repayment terms whatever form they take, and in general the financial relations between the Government of the Cooperative Republic of Guyana and the creditor countries not participating in the June 25, 1999 Agreed Minute.

3/ The Government of the Cooperative Republic of Guyana will inform in writing the Chairman of the Paris Club no later than July 1, 2000 of the progress made for this purpose in negotiations with other creditors. It will inform afterwards, on a semestrial basis, the Chairman of the Paris Club of the status of its relations with the other creditors.

ARTICLE X

The Government of the Cooperative Republic of Guyana undertakes to pay the reorganized debts according to the present Agreement.

1/ The Participating Creditor Countries reserve the right to review the implementation of the conditions stated in Article III paragraph 1. of the Agreed Minute dated June 25, 1999 and in Article IX paragraphs 1/, 2/ and 3/ above of the present Agreement for the comparability of treatment between all external creditors ; if the Participating Creditor Countries determine that these conditions are not substantially fulfilled, or that the Government of the Cooperative Republic of Guyana has not met its payment obligations, as specified in the June 25, 1999 Agreed Minute and in the present Agreement, the provisions of Articles I to VIII of the present Agreement hereabove will become null and void. If the provisions of the present Agreement become null and void, according to the provisions described hereabove, the outstanding amount of debts consolidated in the present Agreement shall be due and payable immediately. All payments in principal and interest already made under the present Agreement shall be taken into account in terms of net present value.

2/ The Government of the Cooperative Republic of Guyana undertakes to pay all debt service due and not paid as at June 25, 1999 on consolidations, on loans, or credits or obligations pursuant to contracts or other financial arrangements payable on cash terms, extended or guaranteed by Government of the Republic of France or its appropriate institutions and not covered by the present Agreement as soon as possible, and in any case not later than January 7, 2000. If these payments are not made on due date, late interest will be charged on those amounts.

3/ On an exceptional basis, amounts due on November 23, 1999 on debts referred to in Article I paragraph 2/b) will be paid on January 7, 2000 and no late interest will accrue on these amounts up to that date. If these payments are not made on due date, late interest will be charged on those amounts.

ARTICLE XI

The present Agreement shall come into force on the date of its signature.

*Done in Georgetown, Guyana
This November 17, 2000*

Shishane Kowlessar

**FOR THE GOVERNMENT
OF THE COOPERATIVE
REPUBLIC OF GUYANA**

Done in Paris, this December 21, 2000
in two originals,
in French and English
both versions being equally authentic.

**FOR THE GOVERNMENT
OF THE REPUBLIC OF FRANCE**

Shishane KOWLESSAR

J.P. Jouyet
Jean-Pierre JOUYET