

LOAN AGREEMENT

AGREEMENT dated the 7th day of March 1995 between the Caribbean Development Bank (hereinafter called the Bank) of the first part, the Cooperative Republic of Guyana (hereinafter called the Borrower) of the second part and Guyana Water Authority, a body corporate established by the Act (hereinafter called the Executing Agency) of the third part.

ARTICLE 1

General Provisions, Interpretation, Definitions

Section 1.01 General Provisions. The "General Provisions Applicable to Public Sector Loan Agreements with an Executing Agency" of the Bank dated April 11, 1985, set forth in Schedule 1 (hereinafter called the General Provisions) shall apply to this Loan Agreement subject, however, to any modifications thereof set forth herein.

Section 1.02 Interpretation. Unless otherwise stated references to sections are to sections of this Loan Agreement and references to schedules are to the schedules immediately following Section 9.01.

Section 1.03 Definitions. (a) Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Provisions shall have the respective meanings set forth therein, and for the purpose of sub-paragraphs (v), (xv) and (xvi) respectively of Section 2.01 of the General Provisions, the terms:

- (i) "Due dates" shall mean March 31, June 30, September 30 and December 31 in each year, except in the case of interest payable under Section 3.10 of the General Provisions and Other Charges which are payable on demand;
- (ii) "Project" shall mean the water rehabilitation project of the Executing Agency as described in Schedule 2; and
- (iii) "Project Country" shall mean the Cooperative Republic of Guyana.

(b) Wherever used in this Loan Agreement, unless the context otherwise requires, the following additional terms shall have the following meanings:

- (i) "Act" means the Guyana Water Authority Act, Chapter 55:01 of the laws of the Project Country;
- (ii) "CDB" means the Bank;
- (iii) "CDB-financed Component" means the component of the Project being financed by the Bank as described in paragraph 1.04 of Schedule 2 and Appendix 2 to Schedule 2;
- (iv) "Consultants" means the engineering consultants referred to in paragraph (c) (ii) of Section 6.01;
- (v) "Consultants Completion Report" means the completion report to be prepared by the Consultants in accordance with paragraph (c) (ii) (jj) of Section 6.01;
- (vi) "Delegation of Functions Order" means the Guyana Water Authority (Delegation of Functions) Order, 1991 made by the Executing Agency under Section 8 of the Act.;
- (vii) "Financing Plan" means the financing plan for the Project set out in Appendix 1 to Schedule 2;
- (viii) "GOG" means the Borrower;
- (ix) "GUYWA" means the Executing Agency;
- (x) "IDA" means the International Development Association;

- (xi) "IDA Credit" means a loan of the equivalent of approximately twelve million five hundred thousand Special Drawing Rights made or proposed to be made by IDA to the Borrower to assist the Executing Agency in financing the Project;
- (xii) "Monthly Progress Report" means the monthly progress report to be prepared by the Consultants in accordance with paragraph (c) (ii) (gg) of Section 6.01;
- (xiii) "ODA" means the Overseas Development Agency of the United Kingdom;
- (xiv) "ODA Grant" means a grant of the equivalent of approximately six million United States dollars (US\$6,000,000) made or proposed to be made by ODA to the Borrower to assist the Executing Agency in financing the Project;
- (xv) "Project Completion Report" means the Project Completion Report to be prepared by the Project Manager in accordance with paragraph (c) (i) (ll) of Section 6.01;
- (xvi) "Project Manager" means the Project Manager referred to in paragraph (c) (i) of Section 6.01;
- (xvii) "Quarterly Report" means the quarterly report to be prepared by the Project Manager in accordance with paragraph (c) (i) (jj) of Section 6.01;
- (xviii) "RDCs" means the Regional Democratic Councils established by Section 3 of the Regional Democratic Councils Order;
- (xix) "Regional Democratic Councils Order" means the Local Democratic Organs (Regional Democratic Councils) Order, 1980 made under the Local Democratic Organs Act, 1980 (No. 12 of 1980) of the Project Country;
- (xx) "SCC" means the Sector Coordinating Committee referred to in paragraph (a) of Section 6.02; and

(xxi) "United States dollars" or "US\$" means dollars in the currency of the United States of America.

ARTICLE II

The Loan and its Purpose

Section 2.01 Amount of Loan. The Bank agrees to lend to the Borrower from the Special Funds Resources of the Bank on the terms and conditions set out in this Loan Agreement an amount not exceeding the equivalent of eight million, eight hundred and one thousand United States dollars (US\$8,801,000).

Section 2.02 Purpose. The purpose for which the Loan is being made is to provide the Borrower with funds to assist the Executing Agency in financing the Project.

ARTICLE III

Repayment and Interest

Section 3.01 Repayment. (a) Except as provided in paragraph (b) of this Section, the Borrower shall repay the amount of the Loan withdrawn from the Loan Account in one hundred and twenty (120) equal or approximately equal and consecutive quarterly instalments payable on each Due Date, commencing on the first Due Date after the expiry of ten (10) years following the date of the first disbursement of the Loan or on such later Due Date as the Bank may specify in writing.

(b) Without prejudice to the provisions of Article IX of the General Provisions, if there shall have been a cancellation pursuant to Section 8.01 or Section 8.03 of the General Provisions of such an amount of the Loan as in the Bank's opinion is substantial and the Project has not been completed, the Borrower shall repay the Principal in such fewer instalments than those specified in paragraph (a) of this Section as the Bank may specify in writing, not exceeding such portion of the number of such instalments to the nearest whole number as the Principal bears to the Loan.

Section 3.02 Interest. The Borrower shall pay interest at the rate of two percent (2%) per annum on the amount of the Loan withdrawn and outstanding from time to time. Such interest shall be payable quarterly in accordance with Section 3.03 of the General Provisions.

Section 3.03 Commission and Commitment Charge. Sections 3.04 and 3.05 of the General Provisions shall not apply to this Loan Agreement.

ARTICLE IV

Withdrawal of Loan

Section 4.01 Withdrawal and Application of Loan. (a) Except as the Bank may otherwise specify in writing, the amounts withdrawn from the Loan Account:

- (i) shall be applied in financing the components of the Project allocated for financing by the Bank as shown in the Financing Plan up to the respective limits specified therein; and
- (ii) shall not exceed in the aggregate twenty four percent (24%) of the cost of the Project.

(b) The amounts withdrawn from the Loan Account shall not be used to finance any part of the Project which consists of identifiable Taxes imposed under the laws of the Project Country.

Section 4.02 Period of Disbursement. The date to be specified pursuant to Section 4.03 of the General Provisions is December 31, 1998.

Section 4.03 Procurement. (a) Procurement of goods and services to be financed from the amounts withdrawn from the Loan Account shall be in accordance with the provisions of Section 4.04 of the General Provisions.

(b) Pursuant to paragraph (a) (ii) of Section 4.04 of the General Provisions, the Kingdom of the Netherlands is hereby specified as an eligible country for the procurement of goods and services to be financed from the proceeds of the Loan in addition to the member countries of the Bank listed in the Annex to the General Provisions.

(c) The Borrower and the Executing Agency hereby acknowledge that they have each been furnished with a copy of the "Guidelines for Choice of Consultants" published by the Bank on April 30, 1986 and a copy of the "Guidelines for Procurement" published by the Bank on October 15, 1992, both of which publications are in effect at the date of this Loan Agreement.

ARTICLE V
Conditions Precedent

Section 5.01 Additional Conditions Precedent to First Disbursement. In addition to the requirements specified in paragraph (a) of Section 6.01 of the General Provisions, the Borrower shall, by the date referred to in Section 8.03 (i) of the General Provisions, furnish or cause to be furnished to the Bank evidence, acceptable to the Bank that:

- (i) the Executing Agency's functions to operate and maintain the water systems in the RDCs, which were delegated to the RDCs under the Delegation of Functions Order, have been restored to the Executing Agency;
- (ii) the Project Manager is in the service of the Executing Agency;
- (iii) the Consultants have been engaged by the Executing Agency;
- (iv) SCC has been established; and
- (v) the aggregate of all loans raised under Section 3 (1) of the External Loans Act of the Project Country (including the Loan) does not exceed the limit imposed thereby.

ARTICLE VI
Particular Covenants

Section 6.01 Execution of Project. (a) The Borrower shall make the proceeds of the Loan available to the Executing Agency in the form of equity to assist the Executing Agency in carrying out the Project.

(b) The Executing Agency shall carry out the Project at all times with due diligence and efficiency, and in accordance with sound technical, environmental, financial and managerial standard and practices.

(c) In carrying out the Project, the Executing Agency shall adhere to the following arrangements:

(i) The Executing Agency shall have in its service, as Project Manager, a person whose qualifications and experience are acceptable to the Bank. The Project Manager will head a Project Monitoring Unit which shall include an accountant, a procurement adviser and clerical and secretarial personnel. The Project Manager, who shall report directly to the Chief Executive Officer of the Executing Agency, shall be required to provide the following services:

(aa) promotion of effective collaboration and coordination among the various co-financiers of the Project;

(bb) representing the Executing Agency in all its dealings with the Consultants and contractors;

(cc) issuing of tenders, evaluation of bids and recommendation of the awards for the supply and construction contracts;

(dd) management and administration of the implementation of supply and construction contracts;

(ee) cost control;

(ff) expedition of the submission to the Bank of all claims for disbursement and reimbursement;

(gg) liaison with the Bank on all aspects of the Project;

- (hh) **keeping separate accounts for expenditures and disbursement activities relating to the CDB-financed Component;**
 - (ii) **submission to the Bank, within one (1) month after the end of each month, of the Monthly Progress Report;**
 - (jj) **preparation and submission to the Bank, within six (6) weeks after each March 31, June 30, September 30 and December 31, of a quarterly report on the investment cost of the Project in the form set out in Schedule 3 or in such other form or forms as may be specified by the Bank;**
 - (kk) **submission to the Bank of the Consultant's Completion Report, within three (3) months after the date of the issue by the Consultants of a certificate of practical completion of the CDB-financed Component; and**
 - (ll) **preparation and submission to the Bank, within six (6) months after the date of final disbursement of the Loan, of a Project Completion Report in respect of the CDB-financed Component.**
- (ii) **The Executing Agency shall select and engage, in accordance with the procedures referred to in paragraph (a) (i) of Section 4.04 of the General Provisions, engineering consultants for the following services in respect of the CDB-financed Component:**
- (aa) **review and/or preparation of final designs and tender documents for all construction works;**
 - (bb) **assistance to the Executing Agency in the evaluation of tenders, including the preparation of tender reports;**
 - (cc) **assistance to the Executing Agency in the negotiation of contracts for the construction works;**

- (dd) technical inspection of construction for compliance with the contract documents;
 - (ee) consulting with and advising the Executing Agency during construction;
 - (ff) issuing payment certificates for work done;
 - (gg) preparing a monthly report on the progress of the works indicating any engineering difficulties affecting its efficient and timely execution;
 - (hh) revising designs to suit unforeseen conditions which may arise during construction;
 - (ii) issuing a certificate of completion to the contractors on the completion of construction contracts; and
 - (jj) preparing a completion report on the construction contracts, including as-built drawings;
- (iii) the Executing Agency shall institute and maintain organisational, administrative, accounting and auditing arrangements for the Project acceptable to the Bank; and
 - (iv) the Executing Agency shall inform the Bank of all appointments which it proposes to make to the position of Project Manager.

Section 6.02 Sector Coordinating Committee. (a) The Borrower shall set up a Sector Coordinating Committee comprising representatives of:

- (i) the Executing Agency;
- (ii) the Georgetown Sewerage and Water Commissioners;
- (iii) the New Amsterdam Council; and

- (iv) such other donor agencies as may be willing to participate in SCC.

- (b) SCC shall coordinate and monitor the activities of the various donor agencies involved in the development of the water supply and sewerage sector in the Project country, and will act as a forum for the dissemination of information on the sector.

- (c) SCC shall hold meetings at least semi-annually and the Bank shall be entitled to appoint at least one (1) person to attend and speak at meetings of SCC.

- (d) The Borrower shall require SCC to give to the Bank adequate notice of SCC's meetings and to send to the Bank with the notice of each meeting a copy of the agenda for such meeting and all other papers (if any) sent to members of SCC in connection with such meeting.

Section 6.03 Management of Executing Agency. (a) The Executing Agency shall maintain in its service management personnel, in particular a Chief Executive Officer and Directors of Finance, Administration, Personnel and Water Services, whose qualifications and experience are acceptable to the Bank.

- (b) Except as the Bank may otherwise agree, the Executing Agency shall:
 - (i) manage its affairs so that by December 31, 1995 its accounts receivable shall be maintained at a level below the equivalent of seventy (70) days' sales; and
 - (ii) forthwith initiate and actively pursue such appropriate proceedings (including legal proceedings) available to it for recovery of accounts receivable which do not meet the aforementioned requirements.

- (c) If the Executing Agency is unable to meet its administrative and other operating expenses from its own resources, the Borrower shall provide such additional funds as may be necessary, or make adequate arrangements acceptable to the Bank in a timely manner, to enable the Executing Agency to meet such expenses.

Section 6.04 Reports and Information. Without prejudice to the provisions of paragraph (c) of Section 7.01 of the General Provisions, except as the Bank may otherwise agree, the Executing Agency shall furnish, or cause to be furnished to the Bank, in the forms hereinafter specified, or in such form as the Bank may require:

- (i) not later than one (1) month after the end of each month during the implementation of the Project, the Monthly Progress Report;
- (ii) not later than six (6) weeks after each March 31, June 30, September 30 and December 31 during the implementation of the Project the Quarterly Report;
- (iii) not later than three (3) months after the date of issue of the certificate by the Consultants in accordance with paragraph (c) (ii) (ii) of Section 6.01, the Consultants Completion Report;
- (iv) not later than six (6) months after the date of final disbursement of the Loan, the Project Completion Report;
- (v) not later than February 28 and August 31 in each year during the implementation of the Project, a semi-annual progress report covering physical progress, costs, disbursements, organisation, administrative and financial aspects, training and other pertinent information, identifying constraints and proposed remedies. Such report shall include actual and forecast monitoring indicators and execution targets on the basis of the indicators set forth in Schedule 4; and
- (vi) not later than three (3) months after the end of each financial year of the Executing Agency during the operation of the Project and during such period as the Bank may require, an annual operating statement in the form set forth in Schedule 5.

Section 6.05 Annual Reviews. The Executing Agency shall carry out with the Bank annual reviews of the Executing Agency's financial and operating performance over its immediately preceding financial year in order to determine the best combination of tariff increases and level of subsidies from the Borrower needed over the next financial year.

Section 6.06 Additional Funds. For the purpose of Section 7.05 of the General Provisions the estimated cost of the Project is the equivalent of thirty-seven million, four hundred and sixty-one thousand United States dollars (US\$37,461,000).

Section 6.07 Borrower's Contribution to the Project. (a) Without prejudice to the provisions of Section 7.05 of the General Provisions, the Borrower shall contribute to the Project:

- (i) the proceeds of the IDA Credit and the ODA Grant or any other financing in substitution for the IDA Credit and/or the ODA Grant; and
- (ii) an amount not less than the equivalent of five million one hundred and sixty thousand United States dollars (US\$5,160,000).

(b) Unless otherwise agreed with the Bank, the contribution which the Borrower is required to make to the Project in accordance with paragraph (a) of this Section shall be expended on a timely basis on the components of the Project designated for funding by IDA, ODA and the Borrower as shown in the Financing Plan up to the respective limits set out therein.

Section 6.08 Maintenance. The Executing Agency shall keep the facilities financed from the Loan, or cause the same to be kept in good repair and condition.

ARTICLE VII

Cancellation and Suspension

Section 7.01 Suspension by the Bank. The suspension, cancellation or calling in of the whole or any part of the IDA Credit or the ODA Grant or any financing in substitution for the IDA Credit or the ODA Grant

is hereby specified pursuant to paragraph (a) (xii) of Section 8.02 of the General Provisions as an event for the purpose of that Section.

Section 7.02 Cancellation by the Bank. (a) The date referred to in sub-paragraph (iii) of Section 8.03 of the General Provisions is December 31, 1995 or such later date as the Bank may from time to time specify in writing.

(b) In the event that the whole or any part of the IDA Credit or the ODA Grant or any other financing in substitution for the IDA Credit or the ODA Grant is suspended, cancelled or called in, then at any time thereafter the Bank may by notice to the Borrower and the Executing Agency terminate the right of the Executing Agency to make withdrawals from the Loan Account on behalf of the Borrower or with respect to any amount of the Loan, as the case may be, and upon the giving of such notice, the amount of the Loan specified therein shall be cancelled.

ARTICLE VIII

Events of Default

Section 8.01 The suspension, cancellation or calling in of the whole or any part of the IDA Credit or the ODA Grant or any other financing in substitution for the IDA Credit or the ODA Grant is hereby specified pursuant to sub-paragraph (xii) of Section 9.01 of the General Provisions as an event for the purpose of that Section.

ARTICLE IX

Miscellaneous

Section 9.01 The following addresses are specified for the purpose of Section 12.03 of the General Provisions:

For the Bank:

**Caribbean Development Bank
P.O. Box 408
Willey
St. Michael
BARBADOS W.I.**

**Cable Address: CARIBANK, Bridgetown
Telex No.: WB 2287
Telefax No.: (809) 426-7269**

For the Borrower:

**Secretary to the Treasury
Ministry of Finance
Georgetown
GUYANA**

**Cable Address: MINFIN, GUYANA
Telex No.: GY 3038
Telefax No.: 592-2-73931**

For the Executing Agency:

**The Guyana Water Authority
10 Fort Street
Kingston
Georgetown
GUYANA**

Telefax: No.: 592-2-50478

SCHEDULE I

(Section 1.01)

CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY

DATED: April 11, 1985

CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY

Dated: April 11, 1985

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CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY

DATED: April 11, 1985

ARTICLE I

Application of General Provisions,
Inconsistency with Loan Agreement

Section 1.01 Application of General Provisions. These General Provisions set forth certain terms and conditions generally applicable to loans made by the Bank and shall apply to Loan Agreements with an Executing Agency to such extent, and subject to such modifications, as may be provided in such Loan Agreements, provided however that, where there is no Guarantor, references in these General Provisions to Guarantor and Guarantee Agreement shall be disregarded.

Section 1.02 Inconsistency with Loan Agreement. If any provision of a Loan Agreement is inconsistent with a provision of these General provisions, the provision of the Loan Agreement shall prevail.

ARTICLE II

Definitions, References, Headings

Section 2.01 Definitions. The following expressions have the following meanings wherever used in these General Provisions unless the context otherwise requires:-

- (i) "Aid Donor(s)" means such of the Donors or Lenders to the Bank which may be providing financing through the Bank for the Project;
- (ii) "Bank" means the Caribbean Development Bank;
- (iii) "Borrower" means the party to the Loan Agreement to which the Bank has agreed to make the Loan;
- (iv) "Closing Date" means the date referred to in Section 4.03;
- (v) "Due Dates" means the dates specified in the Loan Agreement for payment of instalments of the Principal and the interest (excluding interest payable pursuant to Section 3.10), commission, commitment charge and other charges in respect of the Loan;
- (vi) "Executing Agency" means the party to the Loan Agreement, other than the Borrower, to which the execution of the Project is entrusted;
- (vii) "Guarantee Agreement" means the agreement between the Guarantor and the Bank whereby the Guarantor guarantees the payment of the instalments of the Principal and the interest, commission, commitment charge and other charges in respect of the Loan, as such agreement may be amended from time to time, and includes all agreements amending such agreement or supplemental thereto and all schedules to such agreement;

- (viii) "Guarantor" means the party to the Guarantee Agreement which is the member of the Bank guaranteeing the payment of the instalments of the Principal and the interest, commission, commitment charge and other charges in respect of the Loan;
- (ix) "Interest" means interest payable pursuant to Sections 3.03 and 3.10;
- (x) "Loan" means the loan provided for in the Loan Agreement and includes portions of the loan which are separately provided for in the Loan Agreement;
- (xi) "Loan Account" means the account referred to in Section 3.01;
- (xii) "Loan Agreement" means the agreement between the Bank and the Borrower providing for the Loan, to which some or all of these General Provisions shall have been made applicable, as such agreement may be amended from time to time, and includes such of these General Provisions as thus made applicable thereto, all agreements amending such agreement or supplemental thereto and all schedules to such agreement;
- (xiii) "Other Charges" means expenditure incurred by the Bank for or in connection with the remittance by the Bank of amounts withdrawn from the Loan Account, the purchase by the Bank of any currency needed by the Bank for payment to itself of interest, commission, commitment charge, front-end fee and/or other charges in accordance with Sections 3.06 and 4.11 and the establishment or modification of Letters of Credit pursuant to Section 4.02, and amounts agreed to be paid by the Executing Agency to the Bank for or in connection with other special commitments entered into by the Bank in accordance with Section 4.02;

- (xiv) "Principal" means the amount withdrawn from the Loan Account and outstanding from time to time;
- (xv) "Project" means the project or programme, for which the Loan is granted, as described in the Loan Agreement and as such description may be amended from time to time;
- (xvi) "Project Country" means the country specified in the Loan Agreement being the country of a member of the Bank in which the Project is located or in which the Borrower or the Executing Agency is directing the operations of, and implementing, the Project; and
- (xvii) "Taxes" includes imposts, levies, fees and duties of any nature in effect at the date of the Loan Agreement or Guarantee Agreement and thereafter.

Section 2.02 References. References in these General Provisions to Articles or Sections are to Articles or Sections of these General Provisions and reference to the singular shall include the plural and vice versa unless the context otherwise requires.

Section 2.03 Table of Contents and Headings. The Table of Contents and the headings of the Articles and Sections are inserted for convenience of reference only and are not a part of these General Provisions.

ARTICLE III

Loan Account, Repayment, Interest, Commission,
Commitment Charge, Front-end Fee, Other Charges and Payments

Section 3.01 Loan Account. The Bank shall open a Loan Account in its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account and may be withdrawn therefrom as provided, and subject to the rights of cancellation and suspension set out, in the Loan Agreement and in these General Provisions.

Section 3.02 Repayment. The Borrower shall repay the amount withdrawn from the Loan Account in the manner specified in the Loan Agreement. The Bank shall provide the Borrower and the Executing Agency with particulars of the repayments before the Due Date for the first repayment.

Section 3.03 Interest. The Borrower shall pay interest on the Principal at the rate provided for in the Loan Agreement, except as otherwise provided in Section 3.10. Such interest shall accrue from the respective dates on which amounts shall be withdrawn from the Loan Account and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement of the Loan.

Section 3.04 Commission. The Borrower shall pay to the Bank a commission on the Principal at the rate provided for in the Loan Agreement, except as otherwise provided in Section 3.10. Such commission shall accrue from the respective dates on which amounts shall be withdrawn from the Loan Account and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement of the Loan.

Section 3.05 Commitment Charge. The Borrower shall pay to the Bank a commitment charge on the amount unwithdrawn from the Loan Account from time to time at the rate specified in the Loan Agreement. Except as the Bank may otherwise specify in writing, such commitment charge shall accrue from the date specified in the Loan Agreement to the respective dates on which

amounts shall be withdrawn from the Loan Account or shall be cancelled and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date on which such charge shall accrue.

Section 3.06 Front-end Fee. The Borrower shall pay to the Bank a front-end fee on the portion of the Loan which is being lent from the Ordinary Capital Resources of the Bank in the amount specified in the Loan Agreement in United States dollars. Such fee shall be withdrawn by the Bank from the Loan Account credited with the portion of the Loan which is being lent from the Ordinary Capital Resources of the Bank and may be withdrawn by the Bank at any time, whether before the conditions precedent to first disbursement of the Loan are satisfied or afterwards, and without the necessity of an application for withdrawal by the Borrower or the Executing Agency, and the Bank shall promptly notify the Borrower and the Executing Agency in writing of such withdrawal. Such withdrawal from the Loan Account shall be deemed to be a disbursement of a portion of the Loan to the extent of the amount, and as of the date, of such withdrawal.

Section 3.07 Other Charges and Interest on Overdue Payments. Other charges due by the Borrower to the Bank and interest payable under Section 3.10 shall be payable on demand, except as otherwise provided in Section 3.11.

Section 3.08 Computation of Interest, Commission and Commitment Charge. Interest, commission and commitment charge shall be computed daily on the basis of a 360-day year of twelve (12) 30-day months.

Section 3.09 Advance Payments. The Borrower shall have the right, upon payment of all overdue Principal and all accrued interest, commission, commitment charge and other charges and upon not less than forty-five (45) days' notice to the Bank, to repay as of date acceptable to the Bank in advance of maturity any portion of the Principal, provided however that, unless otherwise agreed, such early repayment shall not interfere with the repayment in the regular course of the Principal and the particulars of the repayments to be provided pursuant to Section 3.02 shall be amended accordingly.

Section 3.10 Overdue Payments. (a) In case the Borrower fails to pay any portion of the Principal, interest (excluding interest payable under this Section), commission, commitment charge and/or other charges due and payable under the Loan Agreement, but without prejudice to the provisions of Articles VIII and IX, the Borrower shall pay to the Bank interest on such overdue Principal, interest, commission, commitment charge and/or other charges at such rate or rates of interest per annum as shall be applicable thereto as provided in paragraph (b) of this Section for a period from the day immediately succeeding the Due Date for such overdue payment or payments to the day of actual payment thereof, both dates inclusive.

(b) The rate of interest per annum payable on the amount of an overdue payment, or, if there be more than one, of the aggregate of all overdue payments outstanding from time to time shall be such rate as the Bank shall specify in writing from time to time being equivalent to one per cent (1%) above the aggregate rates of interest and commission payable on loans by the Bank from its Ordinary Capital Resources prevailing either

- (i) on the day on which the Loan was approved by the Bank, or
- (ii) on the day immediately succeeding the Due Date or Due Dates for such overdue payment or payments and each Due Date thereafter until payment in full of such overdue payment or payments,

whichever is higher.

(c) The rate or rates of interest payable on an overdue payment of Principal under this Section shall be in lieu of the rate or rates of interest and commission, if any, payable on the Loan.

Section 3.11 Place and Application of Payments. (a) The Principal, interest, commission, commitment charge and other charges in respect of the Loan shall be paid at such places as the Bank may reasonably request.

(b) All payments shall be applied firstly to any interest payable under Section 3.10, then to any commitment charge and other charges due and payable, then to any interest (excluding interest payable under Section 3.10) and commission due and payable, then to any Principal due and payable.

Section 3.12 Payments by the Executing Agency on behalf of the Borrower. (a) Without in any way derogating from the obligations of the Borrower under Sections 3.02, 3.03, 3.04, 3.05, 3.07 and 3.10, all payments of Principal, interest, commission, commitment charge and other charges required to be made to the Bank by the Borrower under the Loan Agreement shall be made to the Bank by the Executing Agency on behalf of the Borrower out of the resources of the Executing Agency.

(b) If the Executing Agency fails to make any payment of Principal, interest, commission, commitment charge or other charges required to be made by the Executing Agency by paragraph (a) of this Section or fails to make any such payment in full, the Borrower shall promptly make the required payment or provide the Executing Agency with additional funds as are needed to make such payment.

ARTICLE IV

Withdrawal of Loan

Section 4.01 Withdrawal and Application of Loan. (a) Subject to the provisions of the Loan Agreement, the Executing Agency shall be entitled on behalf of the Borrower to withdraw from the Loan Account amounts required for the purpose of the Project but, except with the agreement of the Bank, no withdrawals shall be made on account of expenditures incurred before the date of the Loan Agreement.

(b) The amount withdrawn from the Loan Account shall be applied for the purpose of the Project in accordance with the provisions of the Loan Agreement and of these General Provisions.

Section 4.02 Special Commitments. At the request of the Executing Agency and upon such terms and conditions as may be agreed upon between the Bank and the Executing Agency, the Bank may enter into special commitments in writing to pay amounts to the Executing Agency or others in respect of the cost of goods and services to be financed out of the amount withdrawn from the Loan Account notwithstanding any subsequent suspension or cancellation.

Section 4.03 Period of Disbursement. The amount of the Loan may be disbursed up to the date specified in the Loan Agreement or such later date as may be specified in writing by the Bank.

Section 4.04 Procurement. (a) Any goods and services required for carrying out the Project shall, if they are to be financed out of the amount withdrawn from the Loan Account -

- (i) be procured in accordance with the procedures outlined in the Bank's "Guidelines for Choice of Consultants" and "Guidelines for Procurement" as are in effect on the date of the Loan Agreement and as the same may be amended from time to time by the Bank or in accordance with such other procedures as may be specified by the Bank; and
- (ii) have their source and origin in and be procured from only the member countries of the Bank, all of which are specified in the Annex to these General Provisions, and such other countries as are specified in, or pursuant to, the Loan Agreement.

(b) The Executing Agency hereby undertakes that, in the procurement of goods and services for the Project, all necessary measures will be taken to ensure that the construction and service contracts and all purchases of goods financed out of the amount withdrawn from the Loan Account will be made at a reasonable cost which will generally be the lowest market price

taking into account time of delivery, quality, efficiency, reliability of the goods and availability of maintenance facilities and spare parts therefor and, in the case of services, of their quality and the competence of the parties rendering them.

Section 4.05 Goods and Services to be used exclusively in carrying out the Project. Except as the Bank may otherwise agree, the Executing Agency shall cause all goods and services financed out of the amount withdrawn from the Loan Account to be used exclusively in carrying out the Project.

Section 4.06 Request for Withdrawal or Special Commitment. When the Executing Agency desires to withdraw any amount from the Loan Account, or to request the Bank to enter into a special commitment pursuant to Section 4.02, the Executing Agency shall deliver to the Bank a written application in such form and containing such statements and agreements as the Bank shall reasonably request. Applications for withdrawal with the necessary documentation as hereinafter in this Article provided shall be made promptly in relation to expenditures for the Project.

Section 4.07 Authorisation of Requests for Withdrawals. The Executing Agency shall furnish to the Bank evidence of the authority of the person or persons authorised to sign applications for withdrawal and the authenticated specimen signature of such person or persons.

Section 4.08 Documentation of Requests for Withdrawals. The Executing Agency shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application.

Section 4.09 Applications and Documents to satisfy Bank. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Executing Agency is entitled on behalf of the Borrower to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account has been or will be used for the purposes specified in the Loan Agreement.

Section 4.10 Payments to Executing Agency. Payments by the Bank to the Executing Agency on behalf of the Borrower of amounts which the Executing Agency is entitled on behalf of the Borrower to withdraw from the Loan Account shall be made to or on the order of the Executing Agency.

Section 4.11 Withdrawal and Deduction of Interest, Commission, Commitment Charge and Other Charges. The Bank shall be entitled, but not obligated, to withdraw from the Loan Account without the necessity of an application for withdrawal by the Executing Agency, or deduct from any disbursement to, or on behalf of, the Executing Agency under the Loan Agreement, and pay to itself interest, commission, commitment charge and/or other charges due and payable under the Loan Agreement, and the Bank shall promptly notify the Borrower and the Executing Agency in writing of such withdrawal or deduction. Each such withdrawal from the Loan Account shall be deemed to be a disbursement of a portion of the Loan to the extent of the amount, and as of the date, of such withdrawal.

ARTICLE V

Currency Provisions

Section 5.01 Currencies in which Withdrawals may be made. Except as the Bank and the Executing Agency may otherwise agree, withdrawals from the Loan Account shall be made in the respective currencies in which the expenditures to be financed out of the Loan have been paid or are payable or in such other currency or currencies available to the Bank as the Bank may reasonably determine.

Section 5.02 Currency in which Principal is Repayable. (a) Any amount withdrawn from the Loan Account which is being lent from that portion of the Special Development Fund of the Bank subject to the Rules adopted by the Board of Directors of the Bank in May, 1983, as the same may be amended from time to time by the Bank, shall be repayable in United States dollars.

(b) Except as provided in paragraph (a) of this Section or as the Bank may otherwise specify in writing, the amount withdrawn from the Loan Account shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency, provided that, if a withdrawal shall have made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the amount so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase.

(c) The portion of the amount withdrawn from the Loan Account to be repaid in a particular currency shall be repayable in such instalments as the Bank shall from time to time specify provided that the amount to be repaid on each Due Date shall remain as set out in the particulars of repayments to be provided under Section 3.02.

Section 5.03 Currencies in which Commitment Charge, Interest, Commission and Other Charges are Payable. The Commitment Charge shall be payable in United States dollars, interest and commission on any portion of the amount withdrawn from the Loan Account shall be payable in the currency or currencies in which such portion of the amount withdrawn from the Loan Account is repayable, interest payable under Section 3.10 shall be payable in the currency or currencies in which the overdue payment is payable and other charges shall be payable in the currency or currencies utilised by the Bank for such other charges.

Section 5.04 Exchange Control Permission. The obligation to obtain any requisite exchange control permission shall be that of the Borrower and the Executing Agency.

Section 5.05 Purchase of Currencies. The Bank will, at the request of the Borrower or the Executing Agency and on such terms and conditions as the Bank shall determine, use its best efforts to purchase any currency needed by the Borrower or the Executing Agency for payment of Principal, interest, commission, commitment charge and other charges required under

the Loan Agreement upon payment by the Borrower or the Executing Agency of sufficient funds therefor in such currency or currencies to be specified by the Bank from time to time. In purchasing the currencies required, the Bank shall be acting as agent of the Borrower or the Executing Agency, as the case may be, and the Borrower or the Executing Agency, as the case may be, shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Bank has received such payment in the currency or currencies required.

Section 5.06 Valuation of Currencies. Whenever it shall be necessary to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank in consultation with the International Monetary Fund.

ARTICLE VI

Conditions Precedent to First Disbursement

Section 6.01 (a) The Borrower shall, by the date referred to in Section 8.03 (i), furnish or cause to be furnished to the Bank -

- (i) The Guarantee Agreement in form and substance acceptable to the Bank;
- (ii) evidence, acceptable to the Bank, that the Borrower, if it is not a member of the Bank, and the Executing Agency are legally established;
- (iii) one or more opinions, satisfactory to the Bank, of a legal practitioner, acceptable to the Bank, showing that -
 - (aa) the Borrower, if it is not a member of the Bank, and the Executing Agency are legally established and have the legal capacity to contract the obligations assumed in the Loan Agreement and to fully execute the Project;

- (bb) the Borrower and the Executing Agency have complied with all the necessary requirements under the Constitution of the Project Country and under the Laws and Regulations in force therein in order to enter into the Loan Agreement; and
- (cc) the Loan Agreement has been duly authorised by and executed and delivered on behalf of the Borrower and the Executing Agency and constitutes a valid and legally binding obligation in accordance with all of its terms;
- (iv) proof, satisfactory to the Bank, that the person or persons who signed the Loan Agreement on behalf of the Borrower and the Executing Agency were legally empowered to do so;
- (v) evidence, acceptable to the Bank, that the Borrower and the Executing Agency have designated one or more representatives to represent them in all acts regarding the implementation of the Loan Agreement and the authenticated specimen signature of the said representative or representatives; and
- (vi) evidence, acceptable to the Bank, that the Executing Agency has authorised one or more persons to sign applications for withdrawals in accordance with Section 4.07 and the authenticated specimen signature of the person or persons so authorised on a withdrawal card to be provided by the Bank to the Executing Agency.

(b) Except as provided in Section 3.06 or as the Bank may otherwise agree, the Bank shall not be obliged to make the first disbursement of the Loan until the requirements of paragraph (a) of this Section, as amplified by the Loan Agreement, have been complied with to the entire satisfaction of the Bank and the Aid Donor(s) shall have authorised withdrawals for the Project, if necessary.

ARTICLE VII
Particular Covenants

Section 7.01 Records, Accounts and Information. (a) The Executing Agency shall maintain records and accounts adequate to reflect in accordance with consistently maintained sound accounting practice the operations and financial condition of the Executing Agency and in particular, but without prejudice to the generality of the foregoing provision, adequate to identify the goods and services financed out of the amount withdrawn from the Loan Account, to disclose the use thereof in the Project, to show the expenditures of the amount withdrawn from the Loan Account and to record the progress of the Project (including the cost thereof). The Executing Agency shall maintain such accounts and records relating to the Project to the satisfaction of the Bank and such records and accounts shall be kept separately and distinct from the records and accounts of the other operations of the Executing Agency.

(b) The Executing Agency shall (i) have its accounts and financial statements (balance sheets, statements of income and expenditure and related statements) for each fiscal year audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied; (ii) furnish to the Bank, as soon as available, but in any case not later than six (6) months after the end of each such year certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank may reasonably request; and (iii) furnish to the Bank such other information concerning its accounts and financial statements and the audit thereof as the Bank may from time to time reasonably request.

(c) The Executing Agency shall furnish, or cause to be furnished, to the Bank all such information as the Bank shall reasonably request concerning the expenditures of the amount withdrawn from the Loan Account, the Project, the benefits to be derived therefrom, the administration and operations of the Project and the financial condition of the Executing Agency.

(d) The authorised representatives of the Bank and the Aid Donor(s) shall be entitled to inspect the goods financed out of the amount withdrawn from the Loan Account, the sites, works, plant and construction included in the Project, the operation thereof and any records, documents and accounts of the Project and for that purpose to enter any lands, buildings, erections or facilities owned or occupied by the Borrower or the Executing Agency. The Borrower and the Executing Agency will provide such representatives with all reasonable opportunities and facilities for this purpose.

Section 7.02 Cooperation between the Bank, the Borrower and the Executing Agency. (a) The Bank, the Borrower and the Executing Agency shall cooperate fully to ensure that the purpose of the Loan will be accomplished. To that end, the Bank, the Borrower and the Executing Agency shall from time to time, at the request of any such party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower and the Executing Agency of their respective obligations under the Loan Agreement and any other matters relating to the Project.

(b) The Borrower and the Executing Agency shall promptly inform the Bank of any condition which interferes, or threatens to interfere, with the accomplishment of the purpose of the Loan, the maintenance of the service thereof or the performance by the Borrower and the Executing Agency of their respective obligations under the Loan Agreement.

Section 7.03 Taxes. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws in force in the Project Country, in connection with the execution, issue, delivery or registration of the Loan Agreement, any instrument given as a requirement of the Loan Agreement (including securities and promissory notes), any transfer or assignment by the Bank pursuant to Section 7.07 and any agreement amending or supplemental to the Loan Agreement, any such instrument and any such transfer or assignment and all payments of Principal, interest, commission, commitment charge, front-end fee and other charges shall be made without deduction for, and free from, any taxes imposed under any such laws.

Section 7.04 Priority of Loan. (a) It is the mutual intention of the Borrower, if it is a member of the Bank, and the Bank that no external debt shall enjoy any priority over the Loan by way of lien on governmental assets.

(b) To that end, the Borrower, if it is a member of the Bank, undertakes that, except as the Bank shall otherwise agree, if any lien shall be created by the Borrower on any governmental assets as security for any external debt, such lien will, ipso facto and at no cost to the Bank, equally and ratably secure the payment of the Principal, interest, commission, commitment charge and other charges and that in the creation of any such lien express provision will be made to that effect. The Borrower, if it is a member of the Bank, shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing provisions of this Section shall not apply to -

(i) any lien created on property, at the time of purchase whereof, solely as security for the payment of the purchase price of such property; or

(ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one (1) year after its date.

(d) As used in this Section the term -

(i) "external debt" means any debt payable by the Borrower in any medium other than the currency which at the time in question is legal tender in the Project Country whether such debt is payable absolutely or at the option of the creditor in such other medium; and

(ii) "governmental assets" means assets of the Project Country, if the Borrower is a member of the Bank, of any of its political sub-divisions, or of any agency of the Project Country, if the Borrower is a member of the Bank, or of any such political sub-division including an institution performing the functions of a central bank.

(e) The Borrower, if it is not a member of the Bank or a political sub-division or agency of a member of the Bank or an enterprise in which equity participation by one or more members of the Bank or one or more agencies of such member or members of the Bank is a controlling one, undertakes that, except as the Bank may otherwise agree or as contemplated for the Project, no security which will rank prior to, or pari passu with, any security given as a requirement of the Loan Agreement shall, after the date of the Loan Agreement, be created or maintained on any of its property as security for any debts.

Section 7.05 Additional Funds. The Borrower and the Executing Agency shall provide as specified in the Loan Agreement promptly as necessary all funds in addition to the amount withdrawn from the Loan Account and all other resources required for the punctual and effective carrying out of the Project and, in particular, shall be responsible for meeting any amount by which the cost of the Project exceeds the estimated cost thereof as specified in the Loan Agreement.

Section 7.06 Maintenance of Insurance. (a) Except as otherwise specified in the Loan Agreement, the Executing Agency shall take out and maintain with responsible insurers, or make adequate arrangements acceptable to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound business practice, and, without limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the amount withdrawn from the Loan Account to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Executing Agency to replace or repair such goods.

(b) The Executing Agency shall require any such insurers with which insurances in respect of any insurable property financed out of the amount withdrawn from the Loan Account and other insurable property are taken out and are to be maintained to give notice periodically to the Executing Agency and the Bank when such insurances are to be renewed and, in addition, advise the Bank immediately on each renewal date whether such insurances are renewed.

Section 7.07 Transfer or Assignment of Loan Agreement or Loan. The Bank shall be entitled to transfer or assign at any time to the Aid Donor(s) all or any of its right, title and interest in and under the Loan Agreement, and any instrument (including securities and promissory notes) given as a requirement of the Loan Agreement and in and to the whole or any part of all monies whatsoever due or to become due to the Bank thereunder. The Bank shall promptly inform the Borrower and the Executing Agency of any such transfer or assignment.

ARTICLE VIII

Cancellation and Suspension

Section 8.01 Cancellation by Borrower. The Borrower may by notice to the Bank cancel any amount of the Loan which the Executing Agency shall not have withdrawn prior to the giving of such notice, except that the Borrower may not cancel any amount of the Loan allocated in the Loan Agreement for payment of the front-end fee under Section 3.06 or in respect of which the Bank shall have entered into a special commitment pursuant to Section 4.02.

Section 8.02 Suspension by Bank. (a) If any of the following events shall have occurred and be continuing, the Bank may, by notice to the Borrower, the Guarantor and the Executing Agency, suspend in whole or in part the right of the Executing Agency to make withdrawals on behalf of the Borrower from the Loan Account:-

- (i) The Borrower shall have failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of Principal, interest, commission, commitment charge or other charges under the Loan Agreement or any principal, interest, commission, commitment charge or any other payment required under any other agreement between the Bank and the Borrower;
- (ii) The Guarantor shall have failed to make payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement or any principal, interest, commission, commitment charge or any other payment required under any other agreement between the Bank and the Guarantor;
- (iii) The Executing Agency shall have failed to make payment of Principal, interest, commission, commitment charge or any other payment required under the Loan Agreement or any other agreement between the Bank and the Executing Agency;
- (iv) The Borrower or the Guarantor or the Executing Agency shall have failed to perform or observe any other obligations under the Loan Agreement or the Guarantee Agreement;
- (v) A situation shall have arisen which shall make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower or the Guarantor or the Executing Agency will be able to perform and observe its obligations under the Loan Agreement or the Guarantee Agreement;
- (vi) Prior to the Closing Date, any material adverse change in the condition of the Borrower or the Executing Agency, as represented by the Borrower or the Executing Agency, shall have occurred;

- (vii) A representation made by the Borrower or the Guarantor or the Executing Agency in or pursuant to the Loan Agreement or the Guarantee Agreement or any statement furnished in connection therewith and intended to be relied upon by the Bank in making the Loan shall have been incorrect in any material respect;
 - (viii) The Borrower, if it is a member of the Bank, or the Guarantor shall have withdrawn or been suspended from membership in, or ceased to be a member of, the Bank;
 - (ix) The right of the Borrower or the Guarantor or the Executing Agency to make withdrawals under any other agreement with the Bank shall have been suspended in whole or in part by the Bank;
 - (x) The right of the Bank to receive funds for the Project from the Aid Donor(s) shall have been suspended in whole or in part or shall have terminated;
 - (xi) Any event specified in sub-paragraph (vii) of Section 8.03 and sub-paragraphs (iv), (vi), (vii), (viii), (ix), (x), (xi) and (xii) of Section 9.01 shall have occurred;
or
 - (xii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred.
- (b) The right of the Executing Agency to make withdrawals on behalf of the Borrower from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower and the Executing Agency that the right to make withdrawals shall be restored, whichever is earlier, but, in the case of

any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.

Section 8.03 Cancellation by the Bank. If any of the following events shall occur, then at any time thereafter the Bank may by notice to the Borrower, the Guarantor and the Executing Agency terminate the right of the Executing Agency to make withdrawals on behalf of the Borrower from the Loan Account or with respect to any amount of the Loan, as the case may be, and, upon the giving of such notice, the amount of the Loan specified therein shall be cancelled:-

- (i) The Borrower shall have failed to comply with the conditions set out in Section 6.01 (a), as amplified by the Loan Agreement, by the sixtieth (60th) day after the date of the Loan Agreement, or such later date as may be specified in writing by the Bank;
- (ii) In the opinion of the Bank, it is improbable that any requirement specified in or pursuant to Section 6.01 (b) or any condition to be fulfilled in meeting any such requirement will be satisfied;
- (iii) By the date referred to in the Loan Agreement, the Bank has not received any application for withdrawal from the Loan Account or for Special Commitment in accordance with Article IV, or all applications received by that date shall not have been acceptable to the Bank;
- (iv) The right of the Executing Agency to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days;

- (v) At any time the Bank determines, after consultation with the Borrower and the Executing Agency, that an amount of the Loan will not be required to finance the Project's cost to be financed out of the Loan;
- (vi) After the Closing Date an amount of the Loan remains unwithdrawn from the Loan Account; or
- (vii) The Bank shall have received notice from the Guarantor pursuant to Section 3.05 of the General Provisions applicable to Guarantee Agreements with respect to any amount of the Loan.

Section 8.04 Front-end Fee and Amounts subject to Special Commitment not affected by Cancellation or Suspension by the Bank. No cancellation or suspension by the Bank shall apply to amounts allocated in the Loan Agreement for payment of the front-end fee under Section 3.06 or subject to any special commitment entered into by the Bank pursuant to Section 4.02.

Section 8.05 Effectiveness of Provisions after Cancellation or Suspension. Notwithstanding any cancellation or suspension, all the provisions of the Loan Agreement and of these General Provisions which shall have been made applicable thereto shall continue in full force and effect except as in this Article specifically provided.

ARTICLE IX Events of Default

Section 9.01 If any of the following events shall occur and shall continue for the period specified, if any, then, at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower, the Guarantor and the Executing Agency declare the Principal due and payable immediately together with interest, commission, commitment

charge and other charges under the Loan Agreement and upon such declaration the Principal together with interest, commission, commitment charge and other charges under the Loan Agreement shall become due and payable immediately:-

- (i) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Loan Agreement and such default shall continue for a period of thirty (30) days;
- (ii) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (iii) A default shall occur in the payment of principal, interest, commission, commitment charge or any other payment required under any other loan or guarantee agreement between the Bank and the Borrower for a period of thirty (30) days;
- (iv) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under any loan or guarantee agreement between the Guarantor and the Bank under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (v) A default shall occur in the performance or observance of any other obligation on the part of the Borrower, the Guarantor or the Executing Agency under the Loan Agreement or Guarantee Agreement, and such default shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower, the Guarantor and the Executing Agency;

- (vi) The Borrower, if it is not a member of the Bank, or the Executing Agency shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower, if it is not a member of the Bank, or the Executing Agency or by others whereby any of the property of the Borrower, if it is not a member of the Bank, or the Executing Agency shall or may be distributed among its creditors;
- (vii) The Borrower, if it is not a member of the Bank, or the Executing Agency, shall have taken or suffered any action for its reorganisation, liquidation or dissolution or the suspension of its operations, or a receiver or liquidator shall have been appointed of all or any part of its property;
- (viii) Any modification shall have been made in the purpose, nature or objectives, capital or assets of the Borrower, if it is not a member of the Bank, or the Executing Agency and particularly any substantial revision of the Legislation establishing the Borrower, if it is not a member of the Bank and is established by legislation, or the Executing Agency, which may have a deleterious effect on the Project or on the purpose for which the Loan Agreement was entered into;
- (ix) The Borrower, the Guarantor or the Executing Agency shall have failed to fulfil any of its other obligations to the Bank whether arising under the agreement establishing the Bank or otherwise;
- (x) There shall have been a cancellation, pursuant to Section 8.01 or Section 8.03, of such an amount of the Loan as will make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower or the Executing Agency will be able to perform or observe any of its obligations under the Loan Agreement;

- (xi) The Project shall have been discontinued or suspended without the prior approval of the Bank or the Borrower or the Executing Agency shall have suspended, or ceases or threatens to cease or to carry on, the business contemplated in carrying out the Project; or
- (xii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred and shall continue for a period, if any, specified in the Loan Agreement.

ARTICLE X
Termination

Section 10.01 Upon payment in full of the Principal and all interest, commission, commitment charge and other charges under the Loan Agreement, the Loan Agreement and all obligations of the parties thereunder shall forthwith terminate.

ARTICLE XI
Enforceability

Section 11.01 (a) Except as provided in paragraph (b) of this Section, the rights and obligations of the Bank, the Borrower and the Executing Agency under the Loan Agreement shall be valid and enforceable in accordance with their terms.

(b) If the Borrower is not a member of the Bank, the rights and obligations of the Bank, the Borrower and the Executing Agency under the Loan Agreement shall be construed and determined in accordance with the Laws in force in the Project Country at the date of the Loan Agreement.

(c) The Bank, the Borrower and the Executing Agency shall not be entitled in any proceeding under or pursuant to Article XIII to assert any claim that any provision of the Loan Agreement is invalid or unenforceable because of any provision of the agreement establishing the Bank or for any other reason.

ARTICLE XII
Miscellaneous

Section 12.01 All statements, reports, certificates, evidence, opinions, notices, communications and other documents or information furnished or given under the Loan Agreement shall be supplied or submitted in the English Language without cost to the Bank.

Section 12.02 No failure or delay on the part of the Bank to exercise any right, power or privilege under the Loan Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under the Loan Agreement preclude any other or further exercise thereof or the exercise of any right, power or privilege.

Section 12.03 All notices and other communications required or permitted to be given or made under the Loan Agreement and any other agreement between any of the parties contemplated by the Loan Agreement shall be in writing. Any such notice or other communication shall be deemed to have been duly given or made when delivered by hand or mail or by telegram, cable, telex, telefax or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Loan Agreement or at such other address as such party may have designated by notice to the party giving such notice or making such communication.

Section 12.04 Subject to Article 42 of the agreement establishing the Bank, if the Borrower, being a member of the Bank, or the Guarantor ceases to be a member of the Bank, any amount due to it for its shares repurchased by the Bank shall be withheld so long as the Borrower or the Guarantor remains liable to the Bank in respect of the Loan. Such amount may, at the option of the Bank, be applied on any such liability as it matures.

Section 12.05 Subject to Article 46 of the agreement establishing the Bank, in the event of a distribution of the assets of the Bank, if the Borrower, being a member of the Bank, or the Guarantor ceases to be a member of the Bank, the Borrower shall not be entitled to receive its share in such distribution until it has settled its obligations to the Bank under the Loan Agreement or the Guarantee Agreement.

ARTICLE XIII

Arbitration

Section 13.01 (a) Any controversy between the parties to the Loan Agreement and any claim by any such party against any other such party arising under the Loan Agreement which shall not be determined by agreement between the parties shall be submitted to arbitration before an Arbitration Committee as hereinafter provided.

(b) The parties to such arbitration shall be the Bank on one side and the Borrower and the Executing Agency on the other side.

(c) The Arbitration Committee shall consist of three arbitrators appointed as follows:-

One arbitrator shall be appointed by the Bank, another by the Borrower and the Executing Agency or, if they shall not agree, by the Borrower and a third (hereinafter called the umpire) shall be appointed by agreement between the parties, either directly or

through their respective arbitrators. If the parties fail to agree on who shall be the umpire, he shall be appointed at the request of either party by the Secretary-General of the Caribbean Community. If either side fails to appoint an arbitrator, he shall be appointed by the Secretary-General of the Caribbean Community at the request of the other party. If either of the appointed arbitrators or the umpire is unwilling or unable to act or to continue to act in such capacity, his successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his predecessor.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the remedy sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after the giving of such notice, the other party shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party.

(e) If within sixty (60) days after giving notice instituting the arbitration proceeding the parties shall not have agreed upon an umpire, either party may request the appointment of an umpire as provided in paragraph (c) of this Section. If within forty-five (45) days after becoming entitled to do so, neither party requests the appointment of an umpire as provided in paragraph (c) of this Section, the arbitration proceeding shall be deemed to have been abandoned.

(f) The Arbitration Committee shall convene in Barbados at such time and place as shall be fixed by the umpire. Thereafter the Arbitration Committee shall meet in Barbados or in the Project Country at such time and place as the Arbitration Committee shall determine.

(g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitration Committee shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitration Committee shall be by majority vote.

(h) The Arbitration Committee shall afford to both sides a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitration Committee shall constitute the award of the Arbitration Committee. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement. Each party shall abide by and comply with any such award rendered by the Arbitration Committee in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. The Bank, the Borrower and the Executing Agency shall defray its own expenses in the Arbitration proceedings. The costs of the Arbitration Committee shall be divided between and borne equally by the Bank on the one side and the Borrower and the Executing Agency on the other. Any question concerning the division of the costs of the Arbitration Committee or the procedure for payment of such costs shall be determined by the Arbitration Committee.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of any controversy between the parties to the Loan Agreement or any claim by any such party against another such party arising thereunder.

(k) If within thirty (30) days after the counterparts of the award shall be delivered to the parties the award shall not be complied with, any party may enter judgement upon or institute a proceeding to enforce the award in any court of competent jurisdiction against any other party, may enforce such judgement by execution or may pursue any other appropriate remedies

against such other party for the enforcement of the award and the provisions of the Loan Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgement or enforcement of award against any party that is a member of the Bank except as such procedure may be available otherwise than by reason of the provisions of this Section.

(1) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 12.03. The parties to the Loan Agreement waive any and all other requirements for the service of any such notice or process.

(m) Notwithstanding the provisions of paragraph (j) of this Section, if the Borrower is not a member of the Bank, nothing in this Section shall be deemed to preclude any of the parties from exercising or instituting any legal or equitable action to enforce any right or claim arising out of or pursuant to any instrument given as a requirement of the Loan Agreement with respect to the repayment of the Principal and payment of interest, commission, commitment charge and other charges and submission to arbitration under this Section shall not be deemed to be a condition precedent or in any way prejudice such exercise or other enforcement of any such right or claim.

ANNEX

(Section 4.04 (a)(ii))

MEMBERS OF THE BANK

Regional Members

1. Anguilla
2. Antigua and Barbuda
3. Bahamas - Commonwealth of The
4. Barbados
5. Belize
6. British Virgin Islands
7. Cayman Islands
8. Colombia
9. Dominica - Commonwealth of
10. Grenada
11. Guyana - Co-operative Republic of
12. Jamaica
13. Mexico
14. Montserrat
15. Saint Kitts and Nevis
16. Saint Lucia
17. Saint Vincent and the Grenadines
18. Trinidad and Tobago - Republic of
19. Turks and Caicos Islands
20. Venezuela

Non-Regional Members

1. Canada
2. France
3. Germany
4. Italy
5. United Kingdom

SCHEDULE 2

[Section 1.03 (a) (ii)]

DESCRIPTION OF THE PROJECT

OBJECTIVE

1.01 The objective of the Project is to improve the quantity, quality and reliability of water supplied to selected regions in Guyana and enhance the administrative efficiency of GUYWA. Specifically, the Project will provide for the:

- (i) rehabilitation or replacement of dilapidated water supply facilities;
- (ii) re-organisation of the administration of the water supply sub-sector, and
- (iii) institutional capacity building of GUYWA, the principal agency with responsibility for administering the water supply and sewerage sector.

SCOPE OF PROJECT

1.02 The Project will consist of the following components:

- (a) major and minor rehabilitation and emergency repairs to a number of water supply facilities outside the city of Georgetown, comprising:
 - (i) major rehabilitation of the La Bonne Intention (LBI) water supply system; and
 - (ii) minor rehabilitation or emergency repairs to 100 well pumping stations and related transmission and distribution (T&D) mains;
- (b) a national organisation and management (O&M) programme with emphasis on the establishment of a preventive maintenance approach, standardisation of electro-mechanical equipment and spare parts and contracting out, on a pilot basis, certain O&M services;
- (c) implementation of a Human Resources Development (HRD) programme to recruit and train the requisite manpower at GUYWA;
- (d) Technical Assistance (TA) to GUYWA for recentralisation of the sector, as well as for strengthening GUYWA's organisational, managerial and financial capacity, including the twinning of GUYWA to a United Kingdom Water company; and
- (e) the provision of engineering consultancy and project management services.

PROJECT COSTS PHASING AND FINANCING

1.03 The total cost of the Project is estimated at US\$37,461,000. The estimated Project costs and financing are summarised in Table 1 below and details of the costs, phasing and financing are set out in the Financing Plan at Appendix 1 to this Schedule.

TABLE 1: SUMMARY OF PROJECT COSTS AND FINANCING
(\$ mn)

Item	Cost	Financing			
		CDB	IDA	ODA	GOG
1. LBI System Major Rehabilitation	7.824	5.631	-	0.693	1.500
2. Minor Rehabilitation and Emergency Repairs	7.897	-	4.270	2.580	1.047
3. O&M Improvements	2.150	0.000	1.360	0.170	0.620
4. HRD	1.975	0.000	1.865	0.000	0.110
5. Institutional Strengthening Programme	3.240	0.000	1.675	1.480	0.085
6. Project Management	1.440	0.000	1.390	0.000	0.050
7. Engineering Services	2.460	0.410	2.050	0.000	0.000
8. Project Preparation	1.480	0.000	1.480	0.000	0.000
9. Future Project Preparation	0.250	0.000	0.250	0.000	0.000
Sub-Total	28.716	6.041	14.340	4.923	3.412
10. Physical Contingencies ^{1/}	3.807	1.208	1.475	0.656	0.469
Sub-Total	32.523	7.249	15.815	5.579	3.881
11. Price Contingencies ^{2/}	4.288	1.270	1.685	0.421	0.912
Sub-Total	36.811	8.519	17.500	6.000	4.793
12. Interest During Construction	0.649	0.282			0.368
Total	37.461	8.801	17.500	6.000	5.160

- 1/ Physical Contingencies: (a) 20% of Item 1 and the Engineering Services for the LBI system;
 (b) 15% of Items 2, 6 and 7 except for the Engineering Services for the LBI system;
 (c) 10% of Items 3, 4 and 5; and
 (d) Fixed sums are provided for Items 8 and 9.

2/ Price Contingencies: 4% per annum foreign and 9% per annum local

CDB-FINANCED COMPONENT

1.04 The component of the Project earmarked for CDB's financing is the rehabilitation of the LBI water supply system and related engineering services. Rehabilitation of the LBI water supply system will consist of:

- (a) refurbishment of the water treatment plants, and elevated storage reservoirs at Better Hope, Mon Repos and Friendship (to be financed by CDB excluding the supply of electro-mechanical equipment which will be financed by ODA);

- (b) refurbishment of the elevated water towers at Sparendam, LBI and Annandale (to be financed completely by CDB);
- (c) construction of a new inter-connecting water transmission main (to be financed completely by CDB); and
- (d) complete replacement of the existing distribution system and service connections (to be financed by GOG and CDB).

1.05 The cost of rehabilitating the LBI water supply system has been estimated at US\$11,914,000 inclusive of contingencies and financing charges. A summary of the financing is set out in Table 2 below and details of the LBI Water Supply System and related cost estimates and financing are set out in Appendix 2 to this Schedule.

TABLE 2

	(US\$)	(%)
CDB	8,801,000	74
ODA	845,000	7
GOG	<u>2,268,000</u>	<u>19</u>
Total	<u>11,914,000</u>	<u>100</u>

1.06 It is expected that the Project will be implemented over a period of seventy-two (72) months. Implementation began in December 1993 with the approval of the Project by the World Bank Board of Directors and is expected to end in December 1999.

1.07 An implementation Schedule is set out in Appendix 3 hereto.

Item	1995					1996				
	Total	CDB	IDA	ODA	GOG	Total	CDB	IDA	ODA	GOG
1. LBI System Major Rehab.	0.825	0.471	0.000	0.154	0.200	2.049	1.300	0.000	0.539	0.210
2. Minor Rehabilitation	1.179	0.000	0.460	0.419	0.300	4.161	0.000	1.800	2.161	0.200
3. O&M Improvements	1.090	0.000	0.600	0.170	0.320	0.600	0.000	0.400	0.000	0.200
4. HRD	0.360	0.000	0.340	0.000	0.020	0.430	0.000	0.400	0.000	0.030
5. Inst. Strengthening Prog.	0.890	0.000	0.410	0.460	0.020	0.780	0.000	0.200	0.560	0.020
6. Project Management	0.270	0.000	0.260	0.000	0.010	0.270	0.000	0.260	0.000	0.010
7. Engineering	0.730	0.110	0.620	0.000	0.000	0.700	0.100	0.600	0.000	0.000
8. Project Preparation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. Future Project Preparation	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.050	0.000	0.000
Sub-Total	5.344	0.581	2.690	1.203	0.870	9.040	1.400	3.710	3.260	0.670
10. Physical Contingencies	0.669	0.116	0.292	0.149	0.112	1.285	0.280	0.456	0.461	0.088
Sub-Total	6.013	2.697	2.982	1.352	0.982	10.325	1.680	4.166	3.721	0.758
11. Price Contingencies	0.346	0.040	0.163	0.054	0.088	1.288	0.200	0.582	0.304	0.142
Sub-Total	6.359	3.737	3.145	1.406	1.070	11.552	1.880	4.748	4.025	0.900
12. Int. During Construction	0.044	0.003	0.000	0.000	0.041	0.107	0.033	0.000	0.000	0.074
Total	6.403	3.740	3.145	1.406	1.111	11.659	1.913	4.748	4.025	0.947

FINANCING PLAN
(\$ mn)

Item	TOTAL					1994				
	Cost	CDB	IDA	ODA	GOG	Total	CDB	IDA	ODA	GOG
1. LBI System Major Rehab.	7.824	5.631	0.000	0.693	1.500	0.000	0.000	0.000	0.000	0.000
2. Minor Rehabilitation	7.897	0.000	4.270	2.580	1.047	0.127	0.000	0.000	0.000	0.127
3. O&M Improvements	2.150	0.000	1.360	0.170	0.620	0.200	0.000	0.200	0.000	0.000
4. HRD	1.975	0.000	1.865	0.000	0.110	0.205	0.000	0.205	0.000	0.000
5. Inst. Strengthening Prog.	3.240	0.000	1.675	1.480	0.085	0.810	0.000	0.810	0.000	0.000
6. Project Management	1.440	0.000	1.390	0.000	0.050	0.135	0.000	0.130	0.000	0.005
7. Engineering	2.460	0.410	2.050	0.000	0.000	0.120	0.000	0.120	0.000	0.000
8. Project Preparation	1.480	0.000	1.480	0.000	0.000	1.480	0.000	1.480	0.000	0.000
9. Future Project Preparation	0.250	0.000	0.250	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sub-Total	28.716	6.041	14.340	4.923	3.412	3.077	0.000	2.945	0.000	0.132
10. Physical Contingencies	3.807	1.208	1.475	0.656	0.469	0.166	0.000	0.147	0.000	0.020
Sub-Total	32.523	7.249	15.815	5.579	3.881	3.243	0.000	3.092	0.000	0.152
11. Price Contingencies	4.288	1.270	1.685	0.421	0.912	0.000	0.000	0.000	0.000	0.000
Sub-Total	36.811	8.519	17.500	6.000	4.793	3.243	0.000	3.092	0.000	0.152
12. Int. During Construction	0.649	0.282	0.000	0.000	0.368	0.017	0.000	0.000	0.000	0.017
Total	37.461	8.801	17.500	6.000	5.160	3.260	0.000	3.092	0.000	0.169

Item	Total	1997				1998				
		CDB	IDA	ODA	GOG	Total	CDB	IDA	ODA	GOG
1. LB System Major Rehab.	3.010	2.400	0.000	0.000	0.610	1.940	1.460	0.000	0.000	0.480
2. Minor Rehabilitation	2.310	0.000	2.010	0.000	0.300	0.120	0.000	0.000	0.000	0.120
3. O&M Improvements	0.260	0.000	0.160	0.000	0.100	0.000	0.000	0.000	0.000	0.000
4. HRD	0.390	0.000	0.370	0.000	0.020	0.310	0.000	0.290	0.000	0.020
5. Inst. Strengthening Prog.	0.680	0.000	0.200	0.460	0.020	0.080	0.000	0.055	0.000	0.025
6. Project Management	0.270	0.000	0.260	0.000	0.010	0.270	0.100	0.260	0.000	0.010
7. Engineering	0.700	0.100	0.600	0.000	0.000	0.210	0.000	0.110	0.000	0.000
8. Project Preparation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. Future Project Preparation	0.100	0.000	0.100	0.000	0.000	0.090	0.000	0.090	0.000	0.000
Sub-Total	7.720	2.500	3.700	0.460	1.060	3.020	1.560	0.805	0.000	0.655
10. Physical Contingencies	1.158	0.500	0.461	0.046	0.152	0.479	0.312	0.072	0.000	0.096
Sub-Total	8.878	3.000	4.161	0.506	1.212	3.499	1.872	0.877	0.000	0.751
11. Price Contingencies	1.638	0.553	0.664	0.063	0.357	0.891	0.476	0.105	0.000	0.309
Sub-Total	10.516	3.553	4.824	0.569	1.569	4.390	2.348	0.982	0.000	1.059
12. Inv. During Construction	0.203	0.093	0.000	0.000	0.111	0.278	0.153	0.000	0.000	0.125
Total	10.719	3.646	4.824	0.069	1.680	4.667	2.502	0.982	0.000	1.184

Item	1999				
	Total	CDB	IDA	ODA	GOG
1. LBI System Major Rehab.	0.000	0.000	0.000	0.000	0.000
2. Minor Rehab.	0.000	0.000	0.000	0.000	0.000
3. O&M Improvements	0.000	0.000	0.000	0.000	0.000
4. HRD	0.280	0.000	0.260	0.000	0.020
5. Inst. Strengthening Prog.	0.000	0.000	0.000	0.000	0.000
6. Project Management	0.225	0.000	0.220	0.000	0.005
7. Engineering	0.000	0.000	0.000	0.000	0.000
8. Project Preparation	0.000	0.000	0.000	0.000	0.000
9. Future Project Preparation	0.010	0.000	0.010	0.000	0.000
Sub-Total	0.515	0.000	0.490	0.000	0.025
10. Physical Contingencies	0.051	0.000	0.048	0.000	0.003
Sub-Total	0.566	0.000	0.538	0.000	0.028
11. Price Contingencies	0.186	0.000	0.171	0.000	0.015
Sub-Total	0.752	0.000	0.709	0.000	0.042
12. Int. During Construction	0.000	0.000	0.000	0.000	0.000
Total	0.752	0.000	0.709	0.000	0.042

DESCRIPTION OF LBI WATER SYSTEM

1. The LBI system is located in Region 4 on the East Coast Demerara immediately east of the city of Georgetown. The system as designed had three water treatment plants, five water well pumping stations and three elevated water storage towers. The distribution systems for the existing facilities are interconnected and the effective service area of the "system" includes all of the communities from Industry to Strathspey. The three water treatment plants and the elevated towers were constructed for the Guyana Water Authority in 1973 with project funding provided by USAID.
2. The original water supply/distribution systems were designed to utilise the elevated water storage towers to maintain the distribution system pressure. During periods of low consumption, treated water could be pumped to the elevated towers via the distribution system. Water supply from the treatment plants would then be supplemented from the elevated storage tanks during peak demand periods.
3. The elevated towers were never put into service because the pressure in the water distribution systems could not be maintained due to excessive leakage. In order to attempt to make use of the elevated towers, wells were drilled and pumping stations were constructed at the bases of the Sparendaam and LBI elevated towers. However, the pumps that were installed at these wells were not capable of developing sufficient pressure to fill the towers. Apart from being an additional source of water, these wells did little to resolve low water pressures that were and still are predominant throughout the distribution system service area.
4. Better Hope and Mon Repos water treatment plants have raw water wells completed in the 'B-Sands' aquifer and were originally designed as "B-Sands" plants. In recent years, an additional well was drilled and completed in the 'A-Sands' aquifer. At each site, the well water is pumped to the top of an aeration tower and flows by gravity through the plants. The water treatment methods originally undertaken at each of the plants is dependent upon the source of the raw water supply. The Friendship 'A-Sands' plant was originally designed to employ aeration, lime softening, filtration and chlorination. The 'B-Sands' plants at Better Hope and Mon Repos were designed to utilise only aeration and chlorination. The wells at Sparendaam, Vryheid's Lust, Success, LBI and Lusignan are completed in the 'A-Sands' aquifer and the raw water is pumped directly into the distribution system without any provision for treatment.
5. The condition of the existing facilities can generally be regarded as poor. The levels of disrepair and malfunctioning systems vary from site to site. Routine, on-going O&M procedures have not been performed with any regularity due to lack of funds. Consequently, problems that could have initially been repaired with relatively small expenditures, have grown until they have become debilitating to the overall system. The condition of the majority of the system components has deteriorated to the point where they are barely functional. Most systems are in serious need of major repairs or complete replacement.
6. There is a very limited amount of data available on well construction and historic water levels. This leads to some uncertainty with respect to predicting safe long-term yields of the wells. However, based on the results of the pump testing programme to date, the calculated transmissivities for the 'A-Sands' and 'B-Sands' aquifers are very high and this could offset some of that uncertainty.

7. Rehabilitation of the LBI system in accordance with the following has been recommended by the consultants:

- (a) re-establishment of original water treatment plants at Better Hope, Mon Repos and Friendship;
- (b) abandonment of existing wells and removal of pumping equipment at Sparendaaam, Vryheid's Lust, Success, LBI and Lusignan;
- (c) repair and re-use of the existing elevated towers at Sparendaaam, LBI and Annandale;
- (d) construction of a new interconnecting treated water transmission main; and
- (e) complete replacement of the existing secondary distribution system.

8. The following design flows have been calculated by the consultant for the rehabilitation of the LBI system:

Flow Condition	Per Capita Consumption Rate (igpcd)	Population Served		
		Current (60,000)	15 year (69,700)	30 year (80,900)
		Design Flow (migpd)*		
Average Day	60	3.6	4.2	4.9
Maximum Day	90	5.4	6.3	7.3
Peak Day	120	7.2	8.4	9.7

* Includes an unaccounted water level of 15%.

9. The estimated construction budget to undertake the recommended rehabilitation work is \$11.9 mn inclusive of physical and price contingencies and interest during construction. Details are presented at Table 1.

TABLE 1: DETAILED COST ESTIMATES AND FINANCING - LBI SYSTEM

Category	Locations	Components					Total Cost
		Water Supply		Water Storage	Water Distribution		
		ODA	CDB	CDB	GOG	CDB	
Station Rehabilitation	Sparendam			85,500	-	-	85,500
	LBI			78,500	-	-	78,500
	Annandale			78,000	-	-	78,000
	Better Hope	293,166	147,500	160,800	-	-	601,466
	Mon Repos	211,834	129,900	160,700	-	-	502,434
	Friendship	188,000	135,700	158,500	-	-	482,200
Water Piping Systems	Transmission main, valves and service connections				-	1,212,600	1,212,600
	Secondary distribution system piping, valves and service connections				1,500,000	3,283,300	4,783,300
	Engineering						410,000
	Total						8,234,000
	Physical and Price Contingencies						3,398,000
	Interest During Construction						282,000
	Total						11,914,000

Financing Summary - LBI System

	(\$)	(%)
Total	11,914,000	100
CDB	8,801,000	74
ODA	845,000	7
GOG	2,268,000	19

IMPLEMENTATION SCHEDULE

ID	Activity	Duration (days)	Scheduled Start	1994	1995				1996				1997				1998				1999			
				Quarters																				
				4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	Board Approval	1	94-08-12	X																				
2	Signing of Loan Agreement	60	94-10-12		—	—																		
3	Conditions Precedent	120	94-10-12		—	—	—																	
4	Engaging Engineering Consultants - CDB-financed Component	180	94-10-12		—	—	—																	
5	Design and Tender Documents	80	95-10-09					—																
6	Selection of Suppliers and Contractors	238	95-11-01		—	—	—	—																
7	Construction - CDB-financed Component	720	96-02-02					—	—	—	—	—	—	—	—	—	—							
8	Construction WB/ODA-financed Component	979	95-10-01		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
9	Institutional Strengthening	1,260	94-12-12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		

REPORT ON INVESTMENT COST OF PROJECT

(\$'mn)

FOR QUARTER ENDING _____

Elements of Project	Expenditure for this Quarter	Cumulative Expenditure To date	Projected Expenditure for the Quarter			Estimated Expenditure To Complete Project	Latest Estimate of Expenditure	Project Estimate as per Appraisal Report	Variance Favourable/ (Adverse)	Comments/Reasons for Adverse Variance and Financing Proposals to Meet Cost Overrun
			Ending	Ending	Ending					
(1)	(2)	(3)	(4) ₁	(4) ₂	(4) ₃	(5)	(6)	(7)	(8)	(9)
1. Water Supply Facilities Rehabilitation								15.721		
2. O&M Improvements								2.150		
3. HRD								1.975		
4. Institutional Strengthening Programme								3.240		
5. Project Management								1.440		
6. Engineering								2.460		
7. Project Preparation								1.480		
8. Future Project Preparation								0.250		
Sub-Total								28.716		
9. Physical Contingencies								3.807		
Sub-Total								32.523		
10. Price Contingencies								4.288		
Sub-Total								36.811		
11. Interest During Construction								0.649		
TOTAL COST								37.461		

Financing:

Item	(\$ mn)	(%)
Total Project Cost	37.461	100.0
GOG	5.160	13.8
ODA	6.000	16.0
WB	17.500	45.7
CDB	8.800	23.5

SCHEDULE 3

(Section 6.01(c)(i)(ii))

**GUIDELINES FOR COMPLETION OF
REPORT ON PROGRESS OF INVESTMENT COST**

1. **Elements of Project** - The elements of the Project as outlined in the Appraisal Report must be recorded in this column. If it becomes necessary to further sub-divide the main elements of the project, then the sub-elements should be grouped to facilitate the determination of the expenditure related to the main elements identified in the Appraisal Report.
2. **Expenditure for this Quarter** - The expenditure incurred in the quarter to which the report relates in respect of each element of the project must be recorded in this column.
3. **Cumulative Expenditure to date** - The expenditure incurred in respect of each element of the project from the commencement of the project to the end of the quarter to which the report relates must be recorded in this column.
4. **Projected Expenditure for Quarter** - An estimate of the expenditure to be incurred in each of the next three quarters must be recorded in the columns 4₁, 4₂ and 4₃.
5. **Estimate of Expenditure to complete Project** - This column should be completed only in respect of those elements of the project, construction/installation of which stretches beyond three quarters from the end of the quarter to which the report relates. Where a project extends over more than one year - four quarters - an estimate of the expenditure to be incurred in the period subsequent to the year must be recorded in this column.
6. **Latest Estimate of Expenditure** - The amounts to be recorded in this column should be derived by adding columns 3, 4₁, 4₂, 4₃ and 5. The amounts recorded in this column should be the best estimate of expenditure to be incurred in respect of each element of the project. These amounts may be less or greater than the appraised expenditure.
7. **Project Estimates as per Appraisal Report** - The estimate of expenditure to be incurred in respect of each element of the project, as outlined in the Appraisal Report, must be recorded in this column.
8. **Variance** - The difference between columns 6 and 7 must be recorded in this column. Where the amount in column 6 is less than that in column 7, a favourable variance results. An adverse variance results where the amount in column 6 is greater than that in column 7.
9. **Comments** - An explanation should be given for each variance which is more than 10% of the project estimate as per Appraisal Report.

SCHEDULE 4

[Section 6.04 (v)]

PROJECT MONITORING AND EVALUATION DETAILS

1. GUYWA would use the following guidelines in its semi-annual reports to CDB. They are intended to facilitate the planning, monitoring and evaluation of the technical, financial, management and training goals of the project.
2. This section applies to all project components, i.e. facilities rehabilitation, operations and maintenance, HRD and institutional strengthening:
 - (a) descriptive report on the progress of implementation of the individual project components. Comparison of the actual progress of implementation at the end of the reporting period with the appraisal forecast of progress;
 - (b) quarterly forecast of expenditures for each contract signed during the period. Future reports are to indicate percentage completion of the contract to the original forecast and the revised forecast of expenditures for remainder of the contract;
 - (c) descriptive report of the HRD program including status of GUYWA's staffing, and internal and external training programmes;
 - (d) descriptive report on the participation of the private sector in project implementation, indicating the roles undertaken by the private sector as well as the evaluation of performance; and
 - (e) descriptive report on the initial reactions of a random sample of project beneficiaries on the quality of GUYWA's services and the areas needing improvement.
3. Financial Progress
 - (a) Schedule of actual and estimated costs and disbursements during the reporting period.
 - (b) List of on-going contracts with basic data and showing payment progress.
4. Indicators
 - (a) Indicators related to Water System Operations:
 - (i) Major Rehabilitation
 - Number of systems completed
 - Number of systems in progress
 - Number of house connections
 - Population served

- (ii) **Minor Rehabilitation**
 - Number of systems completed
 - Number of systems in progress
 - Number of house connections
 - Population served
- (iii) **Number leaks by Region and Division**
 - Residential
 - Transmission Distribution
- (iv) **Number of System (Pumps, Engines) Breakdowns by Region and Division**
 - Duration
 - Cause
- (v) **Number of wells rehabilitated**
- (vi) **Number of wells drilled**
- (b) **Financial Indicators:**
 - (i) **Growth in water revenues**
 - (ii) **Value of net fixed assets**
 - (iii) **Return on net fixed assets**
 - (iv) **Current ratio**
 - (v) **Accounts receivable**
 - (vi) **Level of Operational Support**
 - (vii) **Number of employees per thousand connections**
- (c) **HRD:**
 - (i) **Staffing (number)**
 - Expatriate foreign
 - Expatriate Guyanese
 - Local
 - (ii) **Turnover**
 - Professional
 - Technician
 - Labor
 - (iii) **Training**
 - Number of staff trained and type of training (professional, technician) during report period
 - Cumulative for the year

(d) Private Sector Participation:

- (i) Number of systems with private sector involvement
- (ii) Types of private sector involvement (operations, maintenance-routine, maintenance-breakdown, supplies, well-drilling).

(e) Beneficiary contacts:

Number of beneficiaries surveyed by Region and Division regarding service quality and areas needing improvements.

5. Performance targets for the relevant indicators are shown at Table 1.

TABLE 1: PERFORMANCE TARGETS

Item	1994	1995	1996	1997	1998	1999
4(a) (i) Major Rehabilitation (# Stations)	-	-	-	-	1	NA
(ii) Minor Rehabilitation (# Stations)	-	20	30	40	10	NA
4(b) (iv) Current Ratio	1.0	1.0	1.0	1.2	2.6	2.9
(v) Accounts receivables (days)	75	70	70	70	70	70
(vi) Level of operational support (G\$ mn)	230	275	215	195	60	50
(vii) Number of employees per 1000 Connections	9	10	10	9	9	9

N/A - Not applicable

SCHEDULE 5
ANNUAL OPERATING STATEMENT
LBI Water Supply System

Year Ending: _____

Item	Amount	
Amount of Water produced (m3/d)		
Percentage Unaccounted-for Water		
No. of Connections per tariff category		
Revenue		
Water Sales (m ³ /d) per tariff category per year		
Water Sales (\$) per tariff category per year		
Total Revenue		
Operating Costs		
	<u>Past Year</u>	<u>Current Year (Allocation)</u>
Electricity		
Maintenance (Pipes, Hardware, Fittings and Spare Parts)		
Vehicles and Equipment		
Supervision and Labour		
Chemicals		
Administration		
Depreciation		
Total Operating Costs		
Earnings before interest		
Interest Expenses		
Earnings after Interest		
Raw Water Quality		
No. of Samples		
Colour ^{1/}		
Turbidity ^{2/}		
pH Range		
Total Solids (mg/l)		
Suspended Solids (mg/l)		
Nitrate (NO3) (mg/l)		

1/ Colour Units

2/ Turbidity Units

IN WITNESS WHEREOF this Loan Agreement has been signed in three (3) equally valid copies at Wilkey, St. Michael, Barbados and Georgetown, Co-operative Republic of Guyana, on behalf of the Bank, the Borrower and the Executing Agency by their respective duly authorised representatives and shall be deemed to be in force as of the day and year first above written.

CARIBBEAN DEVELOPMENT BANK

CO-OPERATIVE REPUBLIC OF GUYANA

VICE PRESIDENT (OPERATIONS)

Minister responsible for Finance

The Seal of Guyana Water Authority was hereto affixed
in the presence of:

Chairman/Deputy Chairman Chief Executive Officer
Guyana Water Authority

SECRETARY
Guyana Water Authority Secretary

