

Loan No. 4/SFR-GU

(Add. Loan No. 2)

AGREEMENT AMENDING  
LOAN AGREEMENT

(CARIBBEAN DEVELOPMENT FACILITY)  
(Additional Loan No. 2)

BETWEEN

CARIBBEAN DEVELOPMENT BANK

AND

GUYANA

Dated: March 3, 1980

Loan No. 4/SFR-GU  
(Add. Loan No. 2)

AGREEMENT AMENDING LOAN AGREEMENT

AGREEMENT dated March 3, 1980, between Caribbean Development Bank (hereinafter called the Bank) and Guyana (hereinafter called the Borrower).

WHEREAS by a Loan Agreement No. 4/SFR-GU dated November 20, 1978, between the Bank and the Borrower as amended by an Agreement dated December 6, 1979, between the Bank and the Borrower (which Loan Agreement as amended is hereinafter called the Loan Agreement) the Bank has agreed to lend to the Borrower from the Special Funds Resources of the Bank an amount not exceeding at the time of disbursement the equivalent of five million four hundred thousand United States dollars (US\$5,400,000) subject to the terms and conditions set forth in the Loan Agreement for the purpose of assisting the Borrower in financing local costs components of certain high priority donor-assisted projects in Guyana; and

WHEREAS the Borrower has requested the Bank to provide additional financing to assist the Borrower in meeting the local costs components of high priority donor-assisted projects in Guyana and the Bank has agreed to such request and to lend to the Borrower from the Special Funds Resources of the Bank a further amount not exceeding at the time of disbursement the equivalent of five million United States dollars (US\$5,000,000) for the said purpose upon the terms and conditions hereinafter set forth:

NOW THEREFORE the parties hereto hereby agree as follows:-

Section 1. Amendment of Article 1 of the Loan Agreement: Article 1 of the Loan Agreement is amended by deleting Section 1.01 and substituting therefor the following:

"Section 1.01 The Loan. The Bank agrees to lend to the Borrower from the Special Funds Resources of the Bank on the terms and conditions in this Loan Agreement set forth -

- (i) an amount not exceeding at the time of disbursement the equivalent of five million four hundred thousand United States dollars (US\$5,400,000) (hereinafter called the First Tranche); and
- (ii) a further amount not exceeding at the time of disbursement the equivalent of five million United States dollars (US\$5,000,000) (hereinafter called the Second Tranche".

WITNESS WHEREOF, this Agreement has been signed in two equally valid copies at Wildey, St. Michael, Barbados, and Georgetown, Guyana, on behalf of the Bank and the Borrower by their duly authorised representatives the day and year here

CARIBBEAN DEVELOPMENT BANK

GUYANA

Sgd. J. Siewrattan

Sgd.

Section 2. Amendment of Article 11 of the Loan Agreement. Article 11 of the Loan Agreement is amended by deleting Section 2.01 and substituting therefor the following:

"Section 2.01 Amortisation and Interest. The Borrower shall repay the amount of each tranche of the Loan withdrawn from the Loan Account together with interest at the rate of four percent (4%) per annum on the amount of the Loan withdrawn and outstanding from time to time in twenty (20) equal or approximately equal and consecutive semi-annual instalments of principal and interest. The instalments shall be payable on January 15 and July 15 in each year (hereinafter called the Due Dates) the first instalment in respect of the First Tranche being due and payable on the first Due Date after the expiry of nine (9) years from the date of first disbursement by the United States of America acting through the Agency for International Development (hereinafter called AID) under the Loan Agreement No. 538-0023 dated September 28, 1978 between the Bank and the United States of America (hereinafter called the AID Loan Agreement) and the first instalment in respect of the Second Tranche being due and payable on the first Due Date after the expiry of nine (9) years from the first disbursement by AID under the Agreement amending the AID Loan Agreement, dated December 19, 1979 between the Bank and the United States of America, or on such later dates as may be specified in writing by the Bank. The Bank shall provide the Borrower (i) with the date of the first disbursements for each tranche of the Loan before the closing date in respect of such tranche referred to in Section 3.03 hereof and (ii) with an amortisation schedule before the date for the payment of the first instalment under this Section.

Section 3. Amendment of Article 111 of the Loan Agreement. Article 111 of the Loan Agreement is amended as follows:

(i) by deleting paragraph (a) of Section 3.01 and substituting therefor the following:

"(a) Subject to the provisions of this Loan Agreement, the Borrower is entitled to withdraw from the Loan Account amounts required for meeting expenditures for local costs as specified in Schedule 2 to this Loan Agreement of goods and services utilised in each of the Projects provided however that  
(i) withdrawals to be financed from the First Tranche may be made only on account of expenditures incurred after June 30, 1978;  
and

(ii) withdrawals to be financed from the Second Tranche may be made only on account of expenditures incurred after June 30, 1979".

(ii) by deleting Section 3.03 and substituting therefor the following:

"Section 3.03 Final Period for Disbursement. The First Tranche may be disbursed up to March 31, 1980, or such later date as shall be specified in writing by the Bank (hereinafter called the Closing Date for the First Tranche) and the Second Tranche may be disbursed up to December 31, 1980 or such later date as shall be specified in writing by the Bank (hereinafter called the Closing Date for the Second Tranche).

(iii) by inserting after the words "the Bank" at the end of the fourth line of Section 3.04 the word "or".

Section 4. Amendment of Article V of the Loan Agreement. Article V of the Loan Agreement is amended by deleting sub-paragraph (2) (b) of Section 5.02 and substituting therefor the following:

"(b) providing the Bank with (i) an updated financial plan showing total financing required for the period July 1, 1978 to March 31, 1980 in the case of the project to be financed from the First Tranche and for the period July 1, 1979 to December 31, 1980 in the case of projects to be financed from the Second Tranche; (ii) the amount of financing required from the Caribbean Development Facility during that period; and (iii) the amounts and sources of financing for all costs of the project not covered by the Caribbean Development Facility for such period (in this part of the statement, the external prime donor should include the projected amount of the loan funds that would be disbursed for the project)".

Section 5. Amendment of Article VII of the Loan Agreement. Article VII of the Loan Agreement is amended by deleting Section 7.03 and substituting therefor the following:

"Section 7.03 Cancellation. If any of the following events shall occur, then at any time thereafter, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account or with respect to the relevant 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 requirements of Section 5.01 of this Loan Agreement by the sixtieth day after the date of this Loan Agreement or by such later date as the Bank may specify in writing;

- (ii) By November 30, 1978, or such later date as the Bank may specify in writing, the Bank has not received in respect of the First Tranche any application for withdrawal from the Loan Account or for Special Commitment in accordance with Article 111 of this Loan Agreement, or all applications having been so received, shall not have been acceptable to the Bank;
- (iii) By March 31, 1980, or such later date as the Bank may specify in writing, the Bank has not received in respect of the Second Tranche any application for withdrawal from the Loan Account or for Special Commitment in accordance with Article 111 of this Loan Agreement, or all applications having been so received, shall not have been acceptable to the Bank;
- (iv) The right of the Borrower 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 that the Bank determines that an amount of the Second Tranche not exceeding nine hundred and fifty thousand United States dollars (US\$950,000) will not be required for any of the Projects;
- (vi) At any time the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required for the purposes of any of the Projects;
- (vii) After the Closing Date for the First Tranche an amount of the First Tranche remains unwithdrawn from the Loan Account;
- (viii) After the Closing Date for the Second Tranche an amount of the Second Tranche remains unwithdrawn from the Loan Account".

Section 6. All the other provisions of the Loan Agreement shall remain in full force and effect and the Loan Agreement shall be construed and interpreted as if the amendments made under this Agreement were always incorporated in the Loan Agreement.

Section 7. Except as the Bank may otherwise agree, this Agreement shall come into force and effect on the date upon which the Bank despatches to the Borrower notice of its acceptance of

- (i) one or more opinions, satisfactory to the Bank, of a legal practitioner, acceptable to the Bank showing that -

- (aa) the Borrower has complied with all the necessary requirements under the Constitution of Guyana and the laws and regulations in force therein in order to enter into this Agreement;
- (bb) this Agreement has been duly authorised by and executed and delivered on behalf of the Borrower and constitutes a valid and legally binding obligation of the Borrower enforceable in accordance with its terms.

(ii) proof that the person or persons who signed this Agreement on behalf of the Borrower were legally empowered to do so;

(iii) proof that the aggregate of all loans (including the second additional loan) to be made by the Bank to the Borrower pursuant to this Agreement raised under the External Loans Act (Chapter 74:08) of the Borrower does not exceed one billion Guyana dollars (G\$1,000,000,000); and

(iv) evidence that the Exchange Control Authority in Guyana has given an undertaking that, in the allocation of foreign exchange, top priority will be given to the procurement of all goods and services which form part of the foreign exchange/of each project financed out of the proceeds of the aforesaid second additional Loan, in particular, those goods and services which are not being financed by any external prime donor, other than the Bank, which is providing financing for such project.

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Section 8. (a) If this Agreement shall not have come into force and effect within sixty days of the date of this Agreement, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay establishes a later date for the purposes of this Section. The Bank shall promptly inform the Borrower of such later date.

(b) If this Agreement shall terminate pursuant to the provisions of this Section, the Loan Agreement shall continue in full force and effect as if this Agreement had not been executed.

IN WITNESS WHEREOF, this Agreement has been signed in two equally valid copies at Wildey, St. Michael, Barbados, and Georgetown, Guyana, on behalf of the Bank and the Borrower by their duly authorised representatives the day and year here

CARIBBEAN DEVELOPMENT BANK

GUYANA

Sgd. J. Siewrattan

Sgd. F.E. Hope

Minister responsible for Finance.