

Loan No. 583/SF-GY
Resolution DE-98/79

LOAN CONTRACT

between

GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

(Programme of Food Crop Production and Marketing)

December 20, 1979

LOAN CONTRACT

CONTRACT entered into on December 20, 1979, between GUYANA (hereinafter called the "Borrower") and the INTER-AMERICAN DEVELOPMENT BANK (hereinafter called the "Bank"), whereby it is agreed as follows:-

PART ONE

SPECIAL CONDITIONS

CHAPTER I

The Loan, Purpose, and Executing Agency

Section 1.01. Amount. In accordance with this Contract, the Bank agrees to grant to the Borrower, and it accepts, financing (hereinafter termed the "Financing"), chargeable to the Fund for Special Operations, of up to the amount of seven million seven hundred thousand United States dollars (US\$7,700,000), or the equivalent thereof in other currencies forming part of the Fund. The amounts disbursed from the Financing shall constitute the "Loan".

Section 1.02. Purpose. The purpose of the Financing is to cooperate in the execution of a programme (hereinafter termed the "Programme") for the production and marketing of food crops for domestic consumption consisting of a credit subprogramme (subprogramme A) and an infrastructure subprogramme (Subprogramme B). The Programme is described in more detail in Annex A of the Contract.

Section 1.03. Executing Agency. The parties agree that the execution of the Programme and the utilisation of the resources of the Financing shall be carried out by the following executing agencies with the participation of the Inter-Agency Coordinating Committee referred to in Section 4.02(d) of this Contract: the Guyana Agricultural and Industrial Cooperative Development Bank (hereinafter referred to as the "GAIBANK") shall be the Executing Agency of Subprogramme A; and the Ministry of Agriculture (hereinafter referred to as "MAG") through its Extension and Education Division, and the Guyana Marketing Corporation (hereinafter referred to as the "GMC") through the Executing Unit provided for in Section 4.03 (e) of the Contract shall be the executing agencies for Subprogramme B. The term "Executing Agencies" shall refer to the above named agencies executing both Subprogrammes as to whose legal and financial capacities to function as such the Borrower gives its assurance.

CHAPTER II

Constituent Elements of Contract

Section 2.01. Constituent Elements of Contract. This Contract consists of this Part one, hereafter denominated the Special Conditions, of Part Two, hereafter denominated the General Conditions, dated November 2, 1976, and of Annexes A and B, attached.

Section 2.02. Primacy of the Special Conditions. If any provision of the Special Conditions or the Annexes should present any inconsistency or contradiction with the General Conditions, the provision of the Special Conditions or the respective Annex shall prevail.

CHAPTER III

Amortisation, Interest, and Credit Fee

Section 3.01. Amortisation. The Loan shall be completely repaid by the Borrower not later than January 6, 2020, by means of sixty (60) consecutive, semiannual and insofar as possible, equal installments the first of which shall be paid on July 6, 1990. Not later than three months after the date of the final disbursement, the Bank shall deliver to the Borrower an amortisation schedule, setting forth the amount and date for payment of each installment and the currency or currencies to be utilised therein in accordance with Article 3.04 (c) of the General Conditions.

Section 3.02. Interest. (a) The Borrower shall pay interest semiannually on the outstanding balance of the Loan at the rate of 1% per annum, which shall accrue from the date of each respective disbursement, until January 6, 1990, and 2% per annum from that date onward. Interest shall be payable semiannually on July 6 and January 6 of each year, beginning on July 6, 1980.

(b) At the request of the Borrower, except for Subprogramme A, the resources of the Financing may be used to pay interest on the Loan during the disbursement period.

Section 3.03. Credit Fee. In addition to interest the Borrower shall pay a credit fee pursuant to the provisions of Article 3.02 of the General Conditions. For this purpose it is hereby established that the Board of Executive Directors approved the Resolution relating to the Financing on August 1, 1979.

Section 3.04. Reference to General Conditions. With respect to computation of the interest and credit fee, obligations relating to currencies, rate of exchange, participations, place of payments, receipts and promissory notes, application of payment, advance payments, renunciation of part of the Financing, and transactions falling due on public holidays, the respective provisions in Chapter III of the General Conditions shall be applied.

CHAPTER IV

Conditions Concerning Disbursements

Section 4.01. General Provision. The Bank shall effect the disbursements of the resources of the Financing in accordance with the conditions and procedures indicated in Chapter IV of the General Conditions and in the Special Conditions set forth in this Chapter, with the following exceptions:

(a) Subsection (d) of Article 4.01 of Chapter IV is amended and replaced by the following provisions:

"(d) The Borrower, through the Executing Agency, shall have presented to the Bank: (i) an updated version of the Project Execution Plan (PEP) previously agreed upon with the Bank, in accordance with the provisions set forth by the Bank and which shall serve as the basis for the preparation and evaluation of the subsequent progress reports referred to in Article 7.03 of the General Conditions; and (ii) in addition to such other information as the Bank may reasonably request pursuant to the provisions of the Contract, a table of the source and use of funds including a detailed schedule of investments, in accordance with the categories of investment established in Annex A of the Contract and an indication of the annual contributions needed from the various sources of funds from which the Project will be financed. When the Contract permits recognition of expenditures prior to its signature, the initiation report shall include a statement of the investments and a description of works carried out under the Project, up to a date immediately prior to the report."

(b) The text of Article 4.05, Period for Requesting the First Disbursement, of the General Conditions is amended and replaced with the following provision:

"Article 4.05. Period for Complying with Conditions Precedent to First Disbursement. If within one hundred and eighty (180) days from the date of the contract or within a longer period agreed to by the parties in writing, the conditions precedent to first disbursement set forth in Article 4.01 of these General Conditions and in the Special Conditions have not been satisfied the Bank, after giving an appropriate notice to the borrower, may terminate the contract.

Section 4.02. Special Conditions Precedent to First Disbursement. The first disbursement shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirements in addition to the conditions precedent stipulated in Article 4.01 of the General Conditions:

- (a) The Borrower shall have entered into an agreement with the GAIBANK and the GMC for the transfer of the resources of the Loan, the commitment of local counterpart funds and the execution of the Programme in accordance with the terms and conditions of this Contract.
- (b) The Borrower through the MAG shall have contracted the services of the consulting firm which shall provide institutional strengthening to the MAG, GAIBANK and GMC in accordance with the Technical Cooperation Agreement between the Bank and the Borrower, entered into simultaneously with this Contract.
- (c) The GAIBANK shall have presented evidence to the satisfaction of the Bank that the Credit Regulations previously agreed to for Subprogramme A have been implemented. Such Regulations shall include the criteria and rules for granting credits to the beneficiaries of Subprogramme A, covering both the eligibility of such beneficiaries and the conditions of the credits, including the respective periods of grace and of amortisation, rates of interest and other charges, supervision, rules with reference to the compilation and analysis of statistical data, and such other conditions as may be pertinent in accordance with this Contract.
- (d) The Inter-Agency Coordinating Committee established for the purpose of coordinating government activities under the Programme shall have appointed its Executive Secretary and supporting staff.
- (e) The GMC shall have provided the necessary staff for its Executing Unit of Subprogramme B to carry out the marketing activities under the Programme.
- (f) The GMC shall have presented to the Bank its new financial statements reflecting the restructuring of its operations and the absorption by the Borrower of its liabilities as of May 8, 1979.
- (g) The Office of the Auditor General of Guyana shall have agreed to carry out the auditing of the financial statements of the GAIBANK, and the Executing Agency shall have agreed with the Bank as to the firm of independent chartered accounts that will perform the auditing of the financial statements of the Programme and of the GMC.

Section 4.03. Periods for Physical Initiation of Works, Commitment and Final Disbursement of Financing. (a) The infrastructure works included in Subprogramme B shall have been physically initiated within two (2) years from the effective date of the Contract.

(b) The resources of the Financing for Subprogramme A shall be committed by the GAIBANK in credits in favour of the beneficiaries of the Programme within a maximum period of 3 years from the effective date of the Contract. The resources shall be considered to have been committed from the dates on which the GAIBANK and the beneficiaries have signed the respective Contracts.

(c) The part of the Financing allocated to the works under Subprogramme B which has been physically initiated within the period set forth in the previous paragraph (a) and that part which has been committed to the credits under Subprogramme A in accordance with the previous paragraph (b) may only be disbursed within four (4) years from the effective date of the Contract.

(d) Unless the contracting parties agree in writing to extend the aforementioned periods, the portion of the Financing which has not been committed to credits under Subprogramme A or to works under Subprogramme B or which has not been disbursed, as the case may be, within the corresponding periods referred above shall be automatically cancelled.

CHAPTER V

Suspension of Disbursements and Accelerated Maturity

Section 5.01. Reference to the General Conditions. The provisions relating the right of the Bank to suspend disbursements, as well as the consequences of any suspension, are set forth in Chapter V of the General Conditions.

CHAPTER VI

Execution of the Programme

A. Subprogramme A

Section 6.01. Utilisation of the Resources of the Financing. (a) With the resources of the Financing the GAIBANK may grant credits which shall be used to assist small farmers, cooperatives or legally established associations of producers within the private sectors to stimulate the production of food stuffs for local consumption.

(b) The beneficiaries of the credits shall be charged on account of interest, commissions, insurance, or any other charge, the annual rate or rates which conform to the laws and policies of Guyana affecting rates of interest, and are compatible with the policy of the Bank on rates of interest for this type of financing.

(c) The GAIBANK shall not grant with the resources of the Financing to any natural or juridical person credits which in total, at any given moment, exceed the equivalent of twelve thousand United States dollars (US\$12,000), unless for special reasons it obtains the prior acceptance of the Bank. For cooperatives and producers associations for agricultural project, the GAIBANK shall not grant direct credits which in total exceed in any given moment one hundred and twenty thousand United States dollars (US\$120,000). For the granting of any credit which would cause the amount loaned to any natural or Juridical person or cooperative, as the case may be, to exceed the above amounts, it shall be required that the Bank manifest to the GAIBANK that it does not object, after considering the request and opinion of such Agency.

(d) No resources of the Loan shall be used for: (i) general and administrative expenditures of the beneficiaries; (ii) purchase of real property; (iii) refinancing of debts, or (iv) working capital, except for acquisition of imported technical inputs.

(e) Participation in Subprogramme A shall be open to small farmers either individually or through their cooperatives, subject to the following conditions:

(I) An individual farmer may be eligible for subloans if:

(i) he is a rural producer, whose income is derived principally from farming and whose farm is located within the area of the project;

(ii) he owns or has a secured legal interest in agricultural land of at least 2 acres but no more than 25 acres in the aggregate. A farmer may also be eligible if he owns less than 2 acres of potentially fertile land with a relatively high revenue potential; and

(iii) he has gross agricultural assets of no more than the equivalent of thirty-five thousand United States dollars (US\$35,000) prior to applying to participate in the Programme.

(II) A cooperative or other type of association may be eligible for subloans if:

(i) At least 80% of its members can meet the aforementioned criteria for individual farmers and at least 60% of the goods and services of the cooperative or association are provided to such members;

(ii) it is legally constituted and duly registered as a cooperative in accordance with the Cooperative Societies Act and the Cooperative Societies Regulations of Guyana; and

(iii) its organization and structure are acceptable to the GAIBANK and it is able to give adequate guarantees.

Section 6.02. Other Conditions of the Credits. In all the credits which the GAIBANK grants with the resources of the Financing, it shall include among the conditions required of each beneficiary at least the following:

(a) the commitment of the beneficiary that the goods and services financed by the credit shall be used exclusively in the execution of the respective project;

(b) the right of the Borrower or of the GAIBANK, as appropriate, and of the Bank to inspect the goods, sites, works and structures of the respective projects;

(c) the obligation to furnish all information that the GAIBANK may reasonably request with respect to the project and the financial situation of the beneficiary;

(d) the right of the GAIBANK to suspend disbursements of the credit if the beneficiary does not fulfill its obligations;

(e) the commitment of the beneficiary that it will take all necessary measures to ensure that all purchases of goods for the project will be made at a reasonable cost, which will generally be the lowest market price, taking into account quality, efficiency and any other pertinent factor;

(f) the constitution by the beneficiary of appropriate special security in favour of the GAIBANK;

(g) an undertaking by the beneficiary to insure the goods upon which the credit is secured, and to keep them insured, against risks and for an amount consistent with normal commercial practices and the possibilities existing in the country.

Section 6.03. Assignment of Credits. With respect to the credits granted from the resources of the Financing, the GAIBANK agrees to: (i) maintain them in its portfolio free of all encumbrances; and (ii) request and obtain the prior approval of the Bank in cases in which it is proposed to sell, assign or transfer them to third parties.

Section 6.04. Modification of Credit Regulations. In addition to the provisions of Article 6.01 (b) of the General Conditions, the contracting parties agree that the written consent of the Bank shall be required for any change in the Credit Regulations relating to the Programme.

Section 6.05. Use of Funds from Repayment of Credits. Funds derived from repayment of credits granted by GAIBANK with resources of Subprogramme A, to the extent they accumulate in excess of the amounts required for the service of the Loan, shall be utilised only for the granting of new credits which conform substantially to the conditions set forth in the Loan Contract and in the Credit Regulations, unless that after five (5) years from the date of the last disbursement of the Financing, the Bank and the Borrower, through the GAIBANK agree to another use for the funds, without departing from the basic objectives of the Financing, or to a reduction in the period of effectiveness of this conditions. The funds from repayments may be used for payments in the territories of member countries of the Bank for goods or services originating in any of such countries.

Section 6.06. Arrearages. Within a period of 24 months from the date of this Contract, the Borrower, through GAIBANK shall submit evidence to the Bank that the agricultural loan portfolio arrearage rate of 18.2% as of December 31, 1978 has been reduced by at least five percentage points following a plan of portfolio management previously agreed upon with the Bank which shall be submitted within 12 months from the date of the Contract.

B Subprogramme B

Section 6.07. Use of the Resources of Subprogramme B. The Borrower agrees that the resources of Subprogramme B shall be used exclusively to finance the infrastructure and capital investments described in greater detail in Paragraph II of Annex A to this Contract.

Section 6.08. Conditions Concerning Prices and Bidding. (a) The procedures to be used for public tendering under Subprogramme B shall be those which are attached as Annex B.

(b) Unless the Bank shall otherwise authorise, prior to the call for bids for Subprogramme B for each work or group of works or, when a call for bids is not appropriate prior to the commencement of works, the Borrower shall be obliged to present for Bank approval, through the Executing Agency:

- (i) the plans, specifications and documents required for the construction and, if necessary, the pertinent documents to call for bids, including the model contracts; and
- (ii) the final selection of the locations of all extension and rural marketing facilities included in the Subprogramme.

Section 6.09. Maintenance of Facilities. The Borrower hereby guarantees that each of the Government agencies responsible for managing works included in the Programme shall maintain them adequately, and shall allocate the necessary manpower and annual budgetary resources necessary for this purpose, and shall provide the resources necessary for efficient operation of the centers constructed as part of the Programme, during a period of ten (10) years counted from the final disbursement date. Every two years during such period, the Borrower through the MAG and GMC, shall provide the Bank with a report with the results of such maintenance and operation.

C. General Provisions

Section 6.10. Currencies and Use of Funds. (a) Of the amount of the Financing: (i) up to six million one hundred thousand United States dollars (US\$6,100,000) or the equivalent thereof in other currencies, except that of Guyana, forming part of the Fund for Special Operations, shall be disbursed to pay for goods and services of external origin and for such other purposes as are indicated in the Contract; and (ii) up to the equivalent of one million, six hundred thousand United States dollars (US\$1,600,000) in Guyanese dollars shall

be disbursed to cover local expenses.

(b) The currencies of the Financing may only be used for the payment of goods and services originating in any member country of the Bank, unless the member country issuing a currency has restricted its use in accordance with Article V, Section 1(c), of the Agreement Establishing the Bank.

(c) Any goods or services not originating in Guyana which it may be necessary to acquire or contract for the execution of the Programme shall be financed with the currencies to which paragraph (a)(i) above refers. Consequently, the Borrower may not utilise national resources for acquisitions or contracted services not originating in Guyana, except for minor purchases in the local market, before having assigned, committed or utilised the resources in the aforementioned currencies for such purposes.

Section 6.11. Cost of the Programme. The total cost of the Programme is estimated to be the equivalent of nine million seven hundred thousand United States dollars (US\$9,700,000) and in no case shall the participation of the resources of the Financing exceed 79.4% of such amount.

Section 6.12. Additional Resources. (a) The amount of the additional resources which, pursuant to Article 6.04 of the General Conditions, the Borrower undertakes to contribute in a timely manner for the complete and uninterrupted execution of the Programme, is estimated to be the equivalent of two million United States dollars (US\$2,000,000), but this estimate shall not imply any limitation or reduction of the obligation of the Borrower under said Article. To compute the equivalency in dollars, the rules established in Article 3.04(a) of the General Conditions shall be followed.

(b) In addition to its commitment to provide the counterpart funds required under paragraph (a) above, the Borrower undertakes to submit annually to the Bank evidence that it has taken the necessary measures to compensate GMC for any financial losses that GMC may incur because its gross marketing margin (the difference between the wholesale price of purchase and sale) is not adequate to cover its operating expenses including wages, transportation and maintenance costs.

Section 6.13. Ex-Post Evaluation. (a) Within 12 months after the effective date of this Contract, the Borrower, through the GMC, MAG and GAIBANK shall present to the Bank: (i) the initial baseline data, the categories of which shall be those set forth in paragraph VII of the Annex A; and (ii) description of the system for collecting and processing the data that will be used to produce annual comparisons with the initial baseline data to evaluate the results of the execution of the Programme.

(b) Beginning one year after the last disbursement and until 3 years after that date, the Borrower through the GMC, MAG, and GAIBANK shall submit to the Bank the annual comparative data referred to in paragraph (a) (ii) above.

Section 6.14. Reference to the General Conditions. Stipulations concerning general provisions for execution of the Programme, prices and public tender, use of goods, and additional resources are set forth in Chapter VI of the General Conditions.

CHAPTER VII

Records, Inspections, and Reports

Section 7.01. Records, Inspections, and Reports. The Borrower agrees that the Executing Agencies shall maintain records, permit inspections, and submit reports and financial statements in accordance with the provisions of Chapter VII of the General Conditions, with the following exceptions:

(a) Clause (a)(i) of Article 7.03 is amended as follows:

" (i) Within sixty days after the end of each calendar semester, or within such other period as the parties shall agree, reports on the execution of Subprogramme A, in accordance with the standards which the Bank shall have transmitted to the Executing Agency. Within the first five (5) days of each calendar month, the report relative to the execution of Subprogramme B in conformity with the provisions which the Bank may send to the Executing Agencies."

(b) Clause (a) (iii) of Article 7.03 is amended as follows:

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" (iii) Within one hundred and twenty (120) days following close of fiscal year 1979, the financial statements:

(I) of the Programme, during its execution shall be certified by independent chartered accountants;

(II) of GMC, for a period of ten (10) years from the effective date of the Contract, shall be certified by independent chartered accountants;

(III) of GAIBANK, during the life of the Loan Contract, shall be certified by the Office of the Auditor General of Guyana."

Section 7.02. Resources for General Inspection and Supervision. From the amount of the Financing, the sum of sixty one thousand United States dollars (US\$61,000) and the equivalent of sixteen thousand United States dollars (US\$16,000) in Guyanese dollars are hereby allocated to cover the Bank's expenses for general inspection and supervision. Said sum shall be disbursed in quarterly and as far as possible equal installments and shall be entered as a credit to the accounts of the Bank without the necessity of an application by the Borrower.

Section 7.03. Updating of the Execution Plan of the Programme. The Borrower agrees that the Executing Agencies shall update at the request of the Bank and to its satisfaction, the Execution Plan of the Programme on the basis of the monthly reports referred to in Article 7.03(a)(i) of the General Conditions.

CHAPTER VIII

Miscellaneous Provisions

Section 8.01. Entry into Effect. The parties agree that the Contract shall enter into effect on the date of its signature.

Section 8.02. Termination. Payment in full of the Loan and of interest and fees shall terminate the Contract and all obligations arising under it.

Section 8.03. Validity. The rights and obligations established in the Contract are valid and enforceable in accordance with its terms, regardless of the legislation of any given country.

Section 8.04. Communications. Any notice, request, or communication from one party to another by virtue of the Contract shall be made in writing and shall be considered effected when the relevant document is delivered to the addressee at the respective address as given below, unless the parties agree otherwise in writing:

For the Borrower and matters related to service of the Loan:

Mail Address:

Cable Address:

Ministry of Finance
Main Street
Georgetown, Guyana

MINFIN
GEORGETOWN (Guyana)

(For matters related to execution of the Programme)

Mail Address:

Guyana Agriculture and Industrial Cooperative
Development Bank

Guyana Marketing Corporation

- Ministry of Agriculture

For the Bank:

Mail Address:

Inter-American Development Bank
808 17th Street, N.W.
Washington, D.C. 20577
U.S.A.

Cable Address:

INTAMBANC
Washington DC

CHAPTER IX

Arbitration

Section 9.01. Commitment to Arbitrate. For the solution of any controversy which may arise out of the Contract and which is not resolved by agreement between parties, they unconditionally and irrevocably submit themselves to the procedure on ruling of the Arbitration Tribunal referred to in Chapter IX of the General Conditions.

IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorised representative, have signed this Contract, in two equally authentic copies in Washington, D.C., U.S.A., on the date above written.

GUYANA

INTER-AMERICAN DEVELOPMENT BANK

/s/ Lawrence E. Mann

Lawrence E. Mann
Ambassador

/s/ Antonio Ortiz Mena

Antonio Ortiz Mena
President

PART TWO

GENERAL CONDITIONS

CHAPTER I

Application of the General Conditions

Article 1.01. Application of the General Conditions. The policies embodied in these General Conditions apply to the respective loan contracts entered into by the Inter-American Development Bank with its borrowers, and accordingly the provisions hereof form an integral part of this Contract.

CHAPTER II

Definitions

Article 2.01. Definitions. For the purpose of the obligations contracted between the parties, the following definitions are adopted:

- (a) "Bank" means the Inter-American Development Bank.
- (b) "Board of Executive Directors" means the Board of Executive Directors of the Bank.
- (c) "Borrower" means the party to which the Financing is made available.
- (d) "Contract" means the entirety of the Special Conditions, the General Conditions, and the Annexes.
- (e) "Executing Agency" means the entity responsible for executing the Project.
- (f) "Financing" means the funds which the Bank has agreed to make available to the Borrower to assist in carrying out the Project.
- (g) "General Conditions" means the present document, adopted by the Bank on November 2, 1976.
- (h) "Guarantor" means the party which guarantees the obligations contracted by the Borrower.
- (i) "Loan" means the funds disbursed from the Financing.
- (j) "Project" means the Project or Programme for which the Financing has been extended.
- (k) "Special Conditions" means the entirety of the provisions constituting Part One of the Contract.

CHAPTER III

Amortisation, Interest and Credit Fee

Article 3.01. Amortisation. The amortisation of the Loan shall be effected by the Borrower in accordance with the provisions set forth in the Special Conditions and those established hereinafter.

Article 3.02. Credit Fee. (a) The Borrower shall pay on the undisbursed balance of the Financing, other than that part in the national currency of the Borrower, a credit fee of 1/2 of 1% per annum, which shall begin to accrue 12 months after the date of the Resolution of the Board of Executive Directors approving the Financing.

(b) This fee shall be paid in United States dollars on the same dates as those specified for the payment of interest pursuant to the provisions of the Special Conditions.

(c) This fee shall cease to accrue in full or in part, as the case may be, to the extent that: (i) the respective disbursements have been made; (ii) the Financing has been cancelled totally or partially pursuant to Articles 3.11 or 4.05 of these General Conditions, or pursuant to the Special Conditions; or (iii) disbursements have been suspended pursuant to Article 5.01 of these General Conditions.

Article 3.03. Computation of Interest and Credit Fee. The interest and credit fee for less than a full six-month period shall be calculated on a per day basis, using a factor of three hundred and sixty-five (365) days per annum.

Article 3.04. Obligations Relating to Currencies. (a) Amounts which are disbursed shall be applied, on the date of each respective disbursement, against the Financing in accordance with the equivalency in United States dollars as reasonably determined by the Bank pursuant to the provisions of Article 3.05(a).

(b) The Borrower shall owe, in the respective currencies disbursed, from the date of the corresponding disbursement:

- (i) The amounts disbursed in any of the currencies which form part of the Fund for Special Operations, in respect of which the Bank has indicated that they may be considered freely convertible; and
- (ii) Amounts equivalent in United States dollars to the sums disbursed in currencies not included in the preceding subparagraph which form part of the Fund for Special Operations.

(c) On the due dates established pursuant to the provisions of the Special Conditions, the Borrower shall pay, in the respective currencies disbursed, amortisation and interest on:

- (i) The amounts disbursed ~~in the currencies referred to in subparagraph (b) (i) above; and~~
- (ii) Amounts equivalent in United States dollars to the sums disbursed in currencies referred to in subparagraph (b) (ii) above.

Article 3.05 Rate of Exchange. (a) For the purposes set forth in paragraphs (a) and (b) (i) of the preceding Article, the equivalency of other currencies in relation to the United States dollar shall be calculated by applying on the date on which the disbursement is made, the exchange rate agreed upon by the Bank with the respective issuing member country for the purpose of maintaining the value of its currency held by the Bank, in accordance with Article V, Section 3, of the Agreement Establishing the Bank.

(b) For the purposes of payments to the Bank pursuant to paragraph (c) (ii) of the preceding Article:

- (i) The equivalency of other currencies in relation to the United States dollar shall be calculated, on the date of payment, in accordance with the rate of exchange referred to in paragraph (a) of this Article.
- (ii) Should there be no agreement in force between the Bank and the respective member country with regard to the rate of exchange to be applied for the purpose of maintaining the value of its currency held by the Bank, the latter shall have the right to require that the rate of exchange to be applied shall be that which on the due date is utilised by the corresponding monetary authority of the issuing country to sell United States dollars to residents of such country, other than government agencies, for the following transactions: (a) payments of principal and interest due; (b) transfers of dividends or other income from capital investments in the respective country; and (c) transfers of investment capital. In the event there is no uniform rate of exchange for these three types of operations, the highest rate shall be applied, ~~the~~ the rate representing the highest number of units of the currency of such country per United States dollar.
- (iii) If, on the date on which the payment is due, the foregoing rule cannot be applied because the operations referred to do not exist, payment shall be made on the basis of the most recent rate of exchange in effect within the thirty (30) days preceding the respective due date.
- (iv) If, notwithstanding the application of the foregoing rules, the effective rate of exchange for the purpose of determining payment cannot be ascertained, or if discrepancies arise in the determination

thereof, the reasonable determination of the Bank shall be controlling, taking into consideration the realities of the foreign exchange market of the member country concerned.

(v) If, due to non-compliance with the foregoing rules, the Bank considers that any payment made in the respective currency has been insufficient, it shall so advise the Borrower immediately in order that the latter shall pay the difference within a period no greater than thirty (30) days from the receipt of the notification. If, on the other hand, it appears that the sum received by the Bank is higher than that due, it shall return the excess amount within a period no greater than thirty (30) days from the receipt thereof.

(vi) In case of a delayed payment the Bank may require that the rate of exchange in effect at the time of payment be applied.

(c) For the purpose of determining the equivalency in United States dollars of an expense incurred in the currency of the Borrower's country, the rate of exchange indicated in paragraph (a) above which is applicable on the date of such expense shall be utilised.

Article 3.06. Participations. The Bank may cede to other public or private institutions, in the form of participations and to the extent it may deem proper, the rights corresponding to the Borrower's pecuniary obligations derived from the Contract. The Bank shall immediately inform the Borrower of any participations it may have granted.

Article 3.07. Place of Payments. All payments shall be made at the principal office of the Bank in Washington, District of Columbia, United States of America, unless the Bank designates another place or places for this purpose by written notification to the Borrower.

Article 3.08. Receipts and Promissory Notes. At the request of the Bank, the Borrower shall sign and deliver to the Bank, upon the completion of disbursements, a receipt or receipts for the amounts disbursed. Likewise, the Borrower shall sign and deliver to the Bank, at its request, promissory notes or other negotiable instruments representing the Borrower's obligation to repay the Loan with the interest agreed upon in the Contract. Such documents shall be in the form prescribed by the Bank taking into account the applicable legal provisions of the country of the Borrower.

Article 3.09. Application of Payments. All payments shall be applied first to the credit fee, then to interest due, and if a balance exists, to installments of principal due.

Article 3.10. Advance Payments. Upon advance notice in writing to the Bank of at least fifteen (15) days, the Borrower may pay, on the date indicated in the notification, any part of the Loan prior to its maturity, provided that no sum is owing in respect of the credit fee and/or interest. Unless otherwise agreed in writing, each partial advance payment shall be applied to unpaid installments of principal in the inverse order of their maturity.

Article 3.11. Renunciation of Part of the Financing. The Borrower, with the concurrence of the Guarantor, if any, may renounce, by written notice to the Bank, its right to utilise any part of the Financing which has not been disbursed before the receipt of the notice, provided that such part is not subject to any of the circumstances set forth in Article 5.03 of these General Conditions.

Article 3.12. Transactions Falling Due on Public Holidays. Any payment or other transaction which under the Contract should be performed on a Saturday or a day which is a public holiday according to the law of the place where it is required to be done, shall be considered validly performed if carried out on the first business day immediately thereafter, and in such case no penalty whatever shall apply.

CHAPTER IV

Conditions Relating to Disbursements

Article 4.01. Conditions Precedent to First Disbursement. The first disbursement of the Financing shall be subject to fulfillment of the following requirements to the satisfaction of the Bank:

- (a) The Bank shall have received one or more legal opinions which establish, with citations to the pertinent constitutional legal, and reglamentary dispositions, that the obligations undertaken by the Borrower in the Contract, and those of the Guarantor, if any, in the Guarantee Contract, are valid and enforceable. Such opinions shall also cover any other legal question that the Bank reasonably may deem relevant.
- (b) The Borrower, directly or through the Executing Agency, if any, shall have designated one or more officials to represent it in all acts relating to the implementation of the Contract and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the Borrower shall indicate to the Bank whether such officials are to act jointly or separately.
- (c) It shall have been demonstrated to the Bank that resources have been assigned sufficient to cover, at least during the first calendar year, the execution of the Project in accordance with the investment schedule referred to in the following paragraph.
- (d) The Borrower, directly or through the Executing Agency, if any, shall have presented to the Bank an initial report prepared in the form indicated by the Bank, which shall serve as the basis for the preparation and evaluation of the subsequent progress reports referred to in Article 7.03 of these General Conditions. In addition to such other information as the Bank may reasonably request pursuant to the provisions of the Contract, the initial report shall set forth:
 - (i) a plan for the execution of the Project including, except with respect to a programme for the granting of credits, the details and specifications deemed necessary by the Bank;
 - (ii) a calendar or schedule of work or for the granting of credits, as the case may be;
 - (iii) a table of the origin and use of funds setting forth a detailed schedule of investments in accordance with the categories of investment established in Annex A of the Contract and an indication of the annual contributions needed from the various sources of funds from which the Project will be financed. When the Contract permits recognition of expenditures prior to its signature, the initial report shall include a statement of the investments and, in accordance with the objectives of the Financing, a description of works carried out under the Project or a statement as to credits granted, as the case may be, up to a date immediately prior to the report.
- (e) The Executing Agency shall have presented to the Bank the plan, catalogue or code of accounts referred to in Article 7.01 of these General Conditions.

Article 4.02. Requisites for All Disbursements. For the Bank to make any disbursement, it shall be necessary that: (a) the Borrower, or the Executing Agency, if any, shall have submitted in writing a disbursement application and, in support thereof, shall have supplied, to the satisfaction of the Bank, such documents and other background materials as it may have required; and, (b) none of the circumstances described in Article 5.01 of these General Conditions shall have occurred.

Article 4.03. Disbursements for Technical Cooperation. If the Special Conditions contemplate the financing of expenses for technical cooperation, the disbursements therefor may be made once the conditions established in paragraphs (a) and (b) of Article 4.01 and in Article 4.02 of these General Conditions have been fulfilled.

Article 4.04. Disbursements for Inspection and Supervision. The Bank may effect disbursements relating to the fee for general inspection and supervision provided for in the Special Conditions, without the necessity of an application by the Borrower or the Executing Agency, as the case may be, provided that the conditions for the first disbursement have been fulfilled.

Article 4.05. Period for Requesting First Disbursement. If within one hundred and eighty (180) days from the date of the Contract, or such later date as the parties may agree in writing, an appropriate request for disbursement has not been submitted to the Bank after the fulfillment of the conditions precedent to the first disbursement established in these General Conditions and in the Special Conditions, the Bank may terminate the Contract by notice to the Borrower. Disbursements made by the Bank for the fee for general inspection and supervision shall not be considered as constituting requests for disbursement.

Article 4.06. Disbursement Procedures. The Bank may make disbursements against the Financing by: (a) transferring directly to the Borrower the sums to which it is entitled under the terms of the Contract; (b) making payments on behalf of and in agreement with the Borrower to other banking institutions; (c) constituting or replenishing the revolving fund referred to in Article 4.07 below; and (d) utilising such other method as the parties may agree upon in writing. Any banking expenses that may be charged by a third party in connection with disbursements shall be borne by the Borrower. Unless the parties otherwise agree, disbursements shall be made only in amounts of not less than the equivalent of fifty thousand United States dollars (US\$50,000) each.

Article 4.07. Revolving Fund. By charge to the Financing and upon fulfillment of the requirements set forth in Article 4.01 and 4.02 of these General Conditions and in the Special Conditions, when applicable, the Bank may establish a revolving Fund which shall be utilised to defray the costs pertaining to the execution of the Project and which, except by special agreement between the parties, shall not exceed 10% of the amount of the Financing. Upon request, the Bank may replenish this fund, entirely or in part, as the resources are used, provided that the requirements of 4.02 of these General Conditions and those which may be established in the Special Conditions have been fulfilled. The establishment and replenishment of the revolving fund shall be considered for all purposes of the Contract.

Article

Article 4.08. Availability of Local Currency. The Bank shall be obliged to make disbursements to the Borrower in local currency only to the extent that the respective depository of the Bank has placed such currency at its effective disposition.

CHAPTER V

Suspension of Disbursements and Accelerated Maturity

Article 5.01. Suspension of Disbursements. The Bank, by written notice to the Borrower, may suspend disbursements if any of the following circumstances occurs and so long as it continues:

(a) Delay in the payment of any sums owed by the Borrower for principal, fees, and interest, or for any other reason, under the Contract or any other loan contract entered into between the Bank and the Borrower.

(b) Nonfulfillment by the Borrower of any other obligation set forth in the Contract or in any other contract entered into with the Bank for the financing of the Project.

(c) Withdrawal or suspension from membership in the Bank of the country in which the Project is to be executed.

(d) Any restriction of the legal capacity, or any substantial change in the functions or assets of the Borrower or Executing Agency, if any, or any modification, without the written concurrence of the Bank, of either any condition fulfilled on the basis of the Resolution approving the Financing which was basic to the signature of the Contract or any basic condition fulfilled before the approval of the Resolution. Upon occurrence of any of the foregoing, the Bank may require the Borrower to provide reasoned and detailed information in order that the Bank may determine whether such restriction or modification might have an unfavourable effect on the execution of the Project. The Bank may suspend disbursements only if after hearing the Borrower and weighing the information or clarification received, or if the Borrower has failed to respond, the Bank considers that the restrictions, changes or modifications may affect the Project substantially and unfavorably or make its execution impossible.

(e) The non-compliance on the part of the Guarantor, if any, of any obligation set forth in the Guarantee Contract.

(f) When the Borrower is not a member country, any extraordinary circumstance, which in the opinion of the Bank, makes it unlikely that the Borrower will be able to comply with the obligations established in the Contract or to fulfill the purpose for which it was entered into.

Article 5.02. Termination or Acceleration. If any of the circumstances set forth in paragraphs a, b, c or e of the preceding article continues for more than sixty (60) days, or if under paragraph (d) thereof the clarification or additional information presented by the Borrower or the Executing Agency, if any, not satisfactory, the Bank may terminate the Contract with respect to the part of the Financing not yet disbursed and/or may declare immediately due and payable the entire Loan or any part of it together with interest and fees accrued up to the date of payment.

Article 5.03. Obligations not Affected. Notwithstanding the provisions of the foregoing Articles 5.01 and 5.02, none of the measures set forth in this Chapter shall affect: (a) any amounts subject to the guarantee of an irrevocable letter of credit; and (b) any amounts which the Bank by specific written agreement with the Borrower or the Executing Agency, as the case may be, has agreed to provide from the resources of the Financing to make payments to a supplier of goods or services.

Article 5.04. Nonwaiver of Rights. Any delay by the Bank in the exercise of the rights provided by this Chapter, or failure to exercise them, shall not be construed as a waiver by the Bank of any such rights nor as acquiescence in the circumstances that would have empowered it to exercise them.

Article 5.05. Provisions not Affected. The application of any of the measures provided for by this Chapter shall not affect the obligations of the Borrower established in the Contract, which shall remain in full force and effect, except that in case the entire Loan has been declared due and payable only the pecuniary obligations of the Borrower shall continue in force.

CHAPTER VI

Execution of the Project

Article 6.01. General Provisions for Execution of the Project.

(a) The Borrower undertakes that the Project shall be executed with due diligence in conformity with sound financial and technical practices, and in accordance with the plans, specifications, investment schedule, budgets, regulations, and other documents approved by the Bank.

(b) Any important modification in the plans, specifications, investment schedule, budgets, regulations or other documents which the Bank has approved, as well as any substantial change in the contract or contracts for goods and/or services which may be funded with the resources devoted to the execution of the Project, or in the categories of investment, shall require written consent of the Bank.

Article 6.02. Prices and Public Tender. (a) Contracts for construction and for the supply of services, as well as all procurement of goods for the Project, shall be undertaken at a reasonable cost which shall generally be the lowest market price, taking into account quality, efficiency, and any other pertinent factors.

(b) In the acquisition of machinery, equipment and other materials for the Project, and in the awarding of contracts for construction and other works, the system of public tender shall be utilised in each case in which the value of such acquisitions or contracts exceeds the equivalent of fifty thousand United States dollars (US\$50,000). The procedures for tendering shall be agreed upon between the Bank and the Borrower.

Article 6.03. Use of Goods. The goods acquired with the resources of the Financing shall be used exclusively for the purposes of the Project. The express agreement of the Bank shall be necessary in the event the Borrower should desire to dispose of such goods for other purposes, except that construction machinery and equipment utilised in the execution of the Project may be dedicated to different uses after the Project has been completed.

Article 6.04. Additional Resources. (a) The Borrower shall contribute in a timely manner all national resources in addition to the Loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the Special Conditions. If during the process of disbursement of the Financing an increase in the estimated cost of the Project arises, the Bank may require the modification of the investment schedule referred to in Article 4.01 (d) of these General Conditions in order that the Borrower shall meet such increase.

(b) Beginning with the calendar year following the initiation of the Project and during the period of its execution, the Borrower shall demonstrate to the Bank in the first sixty (60) days of each calendar year that it will have available when needed the resources necessary to make the local contribution to the Project during the respective year.

CHAPTER VII

Records, Inspections and Reports

Article 7.01. Records. The Borrower or the Executing Agency, as the case may be, shall maintain appropriate records for registering, in accordance with the plan, catalogue, or code of accounts approved by the Bank, the investments in the Project, both from the resources of the Loan and from the other funds to be provided for its complete execution. In the case of a specific project, the records shall include sufficient detail to show the goods acquired and the services contracted for, making it possible to identify the investments realised in each category and the utilisation of the goods and services so acquired, and establishing a record of the progress and cost of the works. With respect to a program of credits, the records shall detail the credits granted and the utilisation of the repayments obtained thereon.

Article 7.02. Inspections. (a) The Bank may establish such inspection procedures as it deems necessary to assure the satisfactory development of the Project.

(b) The Borrower and the Executing Agency, if any, shall permit such officials, engineers, and other experts as the Bank shall send to inspect at any time the progress of the Project and the equipment and materials involved therein and to examine such records and documents as the Bank may deem pertinent. In the fulfillment of their mission such experts shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such experts for the Project shall be borne by the Bank.

Article 7.03. Reports and Financial Statements. (a) The Borrower or the Executing Agency, as appropriate, shall present to the Bank the following reports, within the periods specified with respect to each:

- (i) Within sixty (60) days after the end of each calendar semester, or within such other period as the parties shall agree, reports on the execution of the Project in accordance with standards which the Bank shall have transmitted to the Executing Agency.
- (ii) Such other reports as the Bank may reasonably request regarding the investment of the amounts lent, the use of goods acquired with such sums, and the progress of the Project.
- (iii) Within one hundred and twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year following that in which the Project was initiated, and while it continues in execution three copies of the financial statements and complementary financial information, as of the close of such fiscal year, relating to the Project in its entirety.

(iv) In addition, except when the Borrower is the member country or the Central Bank, within one hundred twenty (120) days following the close of each fiscal year of the borrower, beginning with the fiscal year following that in which the Project was initiated, and while the obligations of the Borrower under the Contract continue, three copies of its financial statement as of the close of such fiscal year and complementary financial information relative to such statement.

(b) The statements and information described in the foregoing subparagraphs (iii) and (iv) shall be certified by the respective official auditing authority in accordance with the standards required by the Bank and within the periods above-mentioned. Nevertheless, if the parties so agree, or if the official entity is unable to perform the work in the manner indicated, the Executing Agency or the Borrower, as the case may be, shall contract the services of a firm of independent chartered accountants acceptable to the Bank, whose charges and expenses shall be paid by the Borrower or the Executing Agency.

CHAPTER VIII

Provision on Encumbrances

Section 8.01. Commitment on Encumbrances. If the Borrower should agree to create any specific encumbrance on all or part of its assets or revenues to secure an external debt, it shall at the same time create an encumbrance guaranteeing to the Bank, equally and proportionally, the fulfillment of the pecuniary obligations arising from the Contract. The foregoing shall not apply to: (i) encumbrances created on purchased goods to assure the payment of the unpaid balance of the purchase price; and (ii) encumbrances created in banking operations to guarantee payment of debts with maturities of not more than one year. In the event that the Borrower is a member country, the term "assets or revenues" shall mean all types of assets or revenues which belong to or are received by the Borrower or any of its dependent agencies which are not autonomous entities with their own separate capital.

CHAPTER IX

Arbitration Procedure

Article 9.01. Composition of the Tribunal. (a) The Arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by the Bank, another by the Borrower, and a third, hereinafter called the "Referee", by agreement between the parties, either directly or through their respective arbitrators. If the parties or the arbitrators fail to agree on who shall be the Referee, or if one of the parties should not designate an arbitrator, the Referee shall be appointed, at the request of either party by the Secretary General of the Organisation of American States. If either of the parties fails to appoint an arbitrator, he shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions and faculties as his predecessor

(b) If the controversy affects not only the Borrower but also the Guarantor, if there is such, both shall be considered a single party and consequently shall act jointly in the designation of the arbitrator and for the other purposes of the arbitration proceedings.

Article 9.02. Initiation of the Procedure. In order to submit the controversy to arbitration the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation which it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed as to the person who is to act as Referee, either party may request the Secretary General of the Organisation of American States to make the appointment.

Article 9.03. Convening of the Tribunal. The Arbitration Tribunal shall be convened in Washington, District of Columbia, U.S.A., on the date designated by the Referee, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

Article 9.04. Procedure. (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity of making oral presentations.

(b) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of the Contract, and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrence of at least two members of the Tribunal; it shall be handed down within sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, on account of special and unforeseen circumstances, such period should be extended; it shall be notified to the parties by means of a communication signed by at least two members of the Tribunal; it shall be complied with within thirty (30) days from the date of notification; and it shall be final and not be subject to any appeal whatever.

Article 9.05. Costs. The fees of each arbitrator shall be paid by the party which appointed him and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the persons who by mutual agreement they should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation which may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the parties. Any doubt regarding division of costs or the manner in which they are to be paid shall be determined without appeal, by the Tribunal.

Article 9.06. Notification. All notifications relative to the arbitration proceeding or to the award shall be made in the manner provided in the respective Contract. The parties expressly waive any other form of notification.

DESCRIPTION OF PROGRAMME

I.

The Programme proposes to attain the following objectives: (i) increase production and productivity of vegetables, fruits and root crops to assure a sustained supply of reasonably priced quality food crops; and (ii) strengthen the institutional and physical infrastructure to facilitate the efficient performance of extension, credit and marketing facilities related to food crops.

II. Description

The Programme contemplates the following: (1) a supervised agricultural global credit subprogramme; and (2) a specific multiple works subprogramme to provide infrastructure installations and equipment.

Subprogramme A - Supervised Agricultural Credit

A supervised agricultural credit line to assist approximately 800 small farmers in the improvement of their operations. In order to fulfill this objective, resources provided by the Bank, plus counterpart funds provided by the GAIBANK, will be utilized by GAIBANK to grant loans to small farmers, cooperatives or legally established associations of producers within the private sector.

Subprogramme B - Capital Investments

(i) The construction and equipment of new facilities, as follows:

- Approximately five extension centres with an average area of approximately 3,000 sq.ft. (280. m²) each.

Approximately six rural markets centres, of which 2 will have approximately 9,000 sq.ft. (836 m²) of area and 4 will have about 7,000 sq.ft. (630 m²), a crate shop of approximately 3,200 sq.ft. Wharfs will be built at three of the localities. 1/

(ii) Provision of vehicle and boats and other equipment for use in the extension credit and marketing activities of the Programme.

Technical cooperation to strengthen the participating institutions would be granted parallel to the loan on a nonreimbursable basis.

III. Total Cost of the Programme

The total cost of the Programme is estimated at the equivalent of US\$9,700,000 as detailed below:

1/ Charity, Lookout and Supernaam.

FINANCIAL PLAN

(in thousands of US\$)

	BANK			Government of Guyana			Grand Total	
	Foreign <u>a</u> Exchange	Local <u>b</u> / Currency	Total	Foreign Exchange	Local Currency	Total		
1. <u>Subprogramme A - Agricultural Credit</u>	<u>1,250</u>	<u>1,150</u>	<u>2,400</u>	-	<u>600</u>	<u>600</u>	<u>3,000</u>	
1.1 Long- and medium-term agricultural credits	940	1,150	2,090	-	410	410	2,500	
1.2 Short-term agricultural credits	310	-	310	-	190	190	500	
2. <u>Subprogramme B - Infrastructure</u>	<u>2,675</u>	<u>2,441</u>	<u>5,116</u>	-	<u>585</u>	<u>585</u>	<u>5,701</u>	
2.1 Engineering and administration	-	-	-	-	245	245	245	
2.2 Buildings and other permanent facilities	1,695	2,345	4,040	-	290	290	4,330	
2.3 Equipment, machinery, furniture and vehicles	980	96	1,076	-	50	50	1,126	
3. <u>Concurrent Costs</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792</u>	<u>792</u>	<u>792</u>	
3.1 Operating expenses	-	-	-	-	392	392	392	
3.2 Revolving fund for marketing operations	-	-	-	-	400	400	400	
4. <u>Financial Costs</u>	<u>168</u>	<u>16</u>	<u>184</u>	<u>23</u>	<u>-</u>	<u>23</u>	<u>207</u>	
4.1 Interest	107	-	107	-	-	-	107	
4.2 Commitment fees	-	-	-	23	-	23	23	
4.3 Inspection and supervision	<u>61</u>	<u>16</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	
	<u>4,093</u>	<u>3,607</u>	<u>7,700</u>	<u>23</u>	<u>1,977</u>	<u>2,000</u>	<u>9,700</u>	
	Percentages	42.2	37.2	79.4	0.2	20.4	20.6	100.0

a/ Includes the equivalent of US\$850,000 as indirect costs.

b/ Includes US\$2,0 million in foreign exchange to finance local costs.

IV. Sources of Funds and Currencies of Origin and Use

The sources of funds and currencies of origin and use of financing the Programme will be as follows: (Paragraph 3.44)

(Equivalent in US\$ thousands)

<u>Source</u>	<u>Origin of Currencies</u>		<u>Use of Currencies</u>		<u>Total</u>	<u>%</u>
	<u>Foreign Exchange</u>	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Local Currency</u>		
Bank	6.1	1.6	4.1 ^{1/}	3.6	7.7	79.4
Government	—	<u>2.0</u>	—	<u>2.0</u>	<u>2.0</u>	<u>20.6</u>
Total	6.1	3.6	4.1	5.6	9.7	100.0
%	62.9	37.1	42.2	57.8	100.0	

1/ The amount of foreign exchange to cover local costs (US\$2,000,000) represents 32.8% of the total of the foreign exchange portion of the Loan.

V. Consulting Services

The selection and contracting of consulting services totally or partially financed with the resources of the Financing shall be subject to the procedures set forth in the Loan Contract, with the understanding that in applying such procedures, the Borrower shall not establish any provision or condition which would restrict or preclude in any way the participation of consultants from member countries of the Bank.

VI. Bidding

Whenever goods and services shall be purchased through international bidding and financed in whole or in part with currencies from the Financing, the bidding documents and procedures shall permit the unrestricted competition of suppliers from member countries of the Bank. Therefore, the bidding documents and regulations shall not contain conditions which restrict or impede the participation of such suppliers.

VII. Baseline Data for Ex Post Evaluation

Initial baseline data shall include, at least, the following information.

With regard to the effectiveness of the Agricultural Extension service:

- (i) number of farmers assisted for the first time, and their farm land area;
- (ii) total number of farms assisted and the total farm area;
- (iii) type and characteristics of the technologies provided to the farmers;
- (iv) extent of actual adoption of new technologies by the assisted farmers.

With regard to the effectiveness of the Agricultural Credit Programme:

- (i) net increase in farm production levels, segregating the farms which also received agricultural extension services from those which did not;
- (ii) characteristics of farmers receiving loans including: size of farm, area under cultivation, value of the farm assets, size of family, net annual income, type of cultivation and number of crops raised annually, and marketing channels used by the farmers to sell their crops;
- (iii) performance of credits granted including; number of loans ranked by amount received, number of loans in arrears, amounts outstanding ranked by time of arrearage, re-investment of funds repaid, and net financial results of the Agricultural Credit Programme.

With reference to the participation of GMC, monthly price variations of major food crops (a) paid by GMC; (b) charged by GMC wholesale; (c) retailed by vendors in municipal markets. Participation of GMC in national food crop production and marketing expressed as a percentage of the total value and physical volume at the level of GMC buying station and RMSCs'.

TENDER PROCEDURES

Food/Crop/Production and Marketing Programme

I. Applicability

- 1.01 The following procedures will be followed in the selection and awarding of contracts for goods or services and the construction of works to be undertaken under Subprogramme B whenever the value of any of such contracts is expected to exceed the equivalent of one hundred thousand United States dollars (US\$100,000).
- 1.02 Procurement exclusively with local currency and other special conditions and procedures are set forth below in Chapter VI.

II. Tenders Committed

- 2.01 A special Tenders Committee shall be established to implement the procedures described herein, to oversee all procurement of goods and services for the Project and to ensure that most efficient use of available resources. Committee decisions shall be determined by majority vote.
- 2.02 The Committee shall be comprised of the following members:
- (a) Secretary to the Treasury or his deputy (Chairman)
 - (b) Ministry of Agriculture (2)
 - (c) Ministry of Trade designate
 - (d) Controller of Customs or designate
 - (e) Technical Specialist
 - (f) A civil engineer

III. Prequalification of Contractors

- 3.01 Contractors intending to submit tenders for construction shall be required to be prequalified following the procedures set forth herein. However, at the request of the Borrower, the Bank may approve the waiver of the requirements of prequalification where the magnitude of the work to be undertaken would not warrant the utilisation of prequalification procedures.

A. Prequalification Notice

- 3.02 A prequalification notice shall be prepared and published in such a manner as to ensure the widest possible dissemination. Such Notice shall be published in newspapers of general circulation in Guyana, at least twice on non consecutive days and sent to all embassies and consulates of all member countries of the Bank located either in Guyana or in a nearby country, when no embassy or consulate is physically located in Guyana, and directly to contractors believed to be interested in participating in such contracts; and for very large contracts, (generally in excess of the equivalent of US\$2,000,000) notices shall be published in at least two international technical magazines or trade publications.

3.03 Such prequalification notice, which shall have been approved by the Bank prior to publication thereof, shall contain a brief description of the Project and of the type and magnitude of the construction proposed to be put to tender, approximate date or dates for the proposed invitations to tender, a statement that the Project is partially financed by the Inter-American Development Bank through its Fund for Special Operations, that eligibility with respect to nationality of prospective tenderers and origin of goods and services will be determined pursuant to the rules applicable to the utilisation of such Bank financing, the date by which applications for inclusion in the Register of Prequalified Contractors will be received, if applicable, and the address at which such applications are available.

B. Prequalification Application and Questionnaire

3.04 A prequalification application and questionnaire shall be prepared and after approval by the Bank sent to every prospective tenderer requesting a copy. Such application and questionnaire shall, at a minimum, request the following information:

- (a) Details concerning prospective tenderer with regard to its technical background, economic situation, experience in type of construction proposed to be undertaken, equipment owned or available, list and qualifications of personnel and any other information which would enable a proper judgement to be made as to the technical qualifications of the prospective tenderer.
- (b) Type of legal organisation of the prospective tenderer (i.e.; corporation, partnership, etc.) together with articles of incorporation or other appropriate establishment documents; whether affiliate or subsidiary of any other organisation, if a consortium, name of leading member and all other members of the consortium and date of association, together with a copy of the consortium agreement. A separate questionnaire shall be filed with respect to each member of the consortium.
- (c) Information sufficient to determine the eligibility of the prospective tenderer with respect to nationality pursuant to rules established by the Bank for the utilisation of its resources. In this respect each application must contain a sworn affidavit certifying that:
 - (1) the prospective tenderer is incorporated or legally organised in a member country of the Bank;
 - (2) the prospective tenderer has its principal place of business in a member country of the Bank;
 - (3) (i) the prospective tenderer is more than 50% beneficially owned by an acceptable firm or firms of such member country and/or other member countries and/or by citizens or bona fide residents of such member country or other member countries; and (ii) the prospective tenderer is an integral part of the economy of the member country where located;
 - (4) there is no arrangement whereby any substantial part of the profits or tangible benefits of the prospective tenderer will accrue or be paid to persons not citizens or bona fide residents of member countries; and
 - (5) not less than 80% of all persons who will perform services under the construction contract in question must be bona fide residents of Bank member countries.

For the purposes of subparagraph (3) above, a list of principal stockholders of corporations or companies shall be furnished indicating the name and record address of such stockholders together with a certification by the corporate secretary that he has no information that would indicate that the beneficial owner is not the stockholder of record and that the address of record is the bona fide address of such stockholder. Similar information shall be furnished with respect to any business enterprise organised as a partnership or cooperative.

In cases of consortia, or a joint venture (an association of 2 or more enterprises) the above information and statement shall be submitted with respect to each member of the consortium.

NOTE: Consortia which include one or more members who are not eligible due to nationality as determined by the above rules will be disqualified.

The application and questionnaire shall contain a statement that any question as to eligibility with respect to nationality will be referred to the Bank whose decision shall be final in such matters.

- (d) Name and addresses of the bank or other financial entity proposed for the issuance of the required bid bond.

C. Closing Date for Receipt of Prequalification Questionnaire and Application

- 3.05 The notice referred to in Section 3.02 may indicate the closing date for inclusion in the Prequalification Register which date shall be at least 45 days from the date of last publication of the notice and at least 30 days prior to the date on which it is anticipated that invitations to tender would be sent to qualified contractors.
- 3.06 If, however, the notice referred to in Section 3.02 does not contain a closing date, then the intention to close the Register shall be published following the procedures set forth in Section 3.02 not less than 45 days prior to the closing date of the Register, indicating further the anticipated date on which invitations to tender would be sent to qualified contractors, which date shall be at least 30 days after the closing date of the Register.

D. Process of Prequalification

- 3.07 (a) Questionnaires and applications shall be evaluated by the Special Tenders Committee taking into consideration the technical and other qualifications of the applicants including the eligibility requirements with respect to nationality. The Special Tenders Committee will prepare a list of contractors recommended as qualified and send such list together with necessary background information to the Bank for its review. Any question as to the nationality of any prospective tenderer shall be brought to the attention of the Bank.
- (b) Once the list of prospective qualified tenderers has been approved by the Bank, all applicants shall be notified, whether or not included in the Register of Prequalified Contractors.
- (c) The names of prequalified contractors will be maintained on a Register and relevant information with respect to these contractors will also be recorded and the contractors graded according to the value of the contract amounts for which they are considered eligible to tender.

- (d) Applicants not considered qualified may request reconsideration of their application which shall be treated as a new application providing such application is received prior to the closing date of the Register.

IV. Procurement of Equipment, Material, Supplies and Other Goods

- 4.01 Prequalification of prospective suppliers of equipment, materials, supplies and other goods, normally would not require prequalification and only the procedures set forth in Parts V and VI hereof need be followed. However, whenever such procurement involves the installation or erection of equipment, etc., then prequalification shall be required following the procedures set forth in Part III hereof. The Borrower may request the approval of the Bank to utilise prequalification for the supply of equipment, materials, supplies or other goods, whenever it believes it would be in the Borrower's best interest to do so, or in exceptional cases, the Bank may require utilisation of prequalification procedures for the acquisition of such equipment, material or other goods.

V. Tenders

A. Notice to Prospective Tenderers

- 5.01 (a) In those cases where prequalification was not required or utilised, the Borrower, after approval by the Bank shall publish a Notice of Invitation to Tender in the manner set forth in Section 3.02.
- (b) Whenever prequalification was utilised, the Notice of Invitation to Tender shall be sent, after approval by the Bank, directly to all firms on the Prequalification Register eligible to undertake the proposed construction or in the case of suppliers, to supply the equipment, etc. proposed to be acquired. In addition, the Notice of Invitation to Tender shall also be published in the manner set forth in Section 3.02. Only those who have prequalified may be invited to tender.
- 5.02 The Notice of Invitation to Tender which may be sent together with the notice of qualification referred to in Section 3.07(b), shall contain sufficient information to enable either firms on the Prequalified Register, or in the case where no prequalification was utilised or required prospective suppliers, to obtain the necessary tender documents including as a minimum: Address where tender documents are available, deposit or price charged for such documents, deadline for submission of tenders, abbreviated specifications including magnitude and type of construction proposed, brief description of equipment or other materials proposed to be procured, a statement that the Project is partially financed by the Bank through its Fund for Special Operations and that eligibility with respect to origin of goods and services will be determined pursuant to the rules for the utilisation of such Bank financing.

B. Deadline for Submission of Tenders

- 5.03 Deadline for submission of tenders shall be not less than 60 days from mailing of Notice of Invitation to Tender, or 60 days from date of last publication, if no prequalification was required or utilised.

C. Tender Documents

5.04 Tender documents, after approval by the Bank, shall be sent to all prospective tenderers who have requested copies and have paid the deposit or fee, if any, except that such tender documents shall only be sent to those firms on the Prequalification Register where prequalification was required or utilised. Such tender documents shall contain sufficient information to enable prospective tenderers to submit a responsive tender and shall, as a minimum, contain the following:

- (a) Conditions of Tender, including required bid bonds and performance guarantees; currency to be utilised for payment, language in which tenders are to be written, date, time and place at which sealed tenders are to be opened; time period that tenders must remain valid, which should be not less than 120 days from opening of tenders; margin of preference for national suppliers, as set forth in Section 6.02.
- (b) Specifications including drawings, standards, description of work or equipment or other materials to be tendered, bill of quantities, etc.
- (c) Draft construction or supply contract proposed to be utilised which should contain full details as to the contractual arrangements proposed, including obligations of the contractor or supplier, definitions, provisions for bonds, indemnities and insurance, penalties and bonuses, percentage of payment to be retained, provision that no change in ownership of corporation or partnership or in members of consortium may be made during the life of the contract which would allow such ownership or change in membership to violate the rules for nationality eligibility, advances to be made, manner and currency of payment, settlement of disputes, termination and cancellation.
- (d) Tender Conference Schedule including time, date and place at which all tendering parties will be invited to discuss Project specifications and request clarification of tender documents. The minutes of such meeting shall be sent to all prequalified firms.
- (e) Other conditions including statements that all goods and services must originate in one or more member countries of the Bank and that Bank rules will be utilised to determine origin of such goods and services; that the prequalification questionnaire; tender documents and other information and material utilised in connection with the tender or supplied by the tenderers constitute part of the contractual arrangements; a statement that no tenders may be altered or amended after having been opened; and that any clarification of the procedures or documents made either on the initiative of the Special Tenders Committee or in response to inquiries will be sent to all prospective tenderers who have requested tender documents; statement that Special Tenders Committee will accept tender most convenient taking all factors into consideration, which need not be the tender offering the lowest price and that Special Tenders Committee may reject all bids if circumstances so require.
- (f) Where prequalification was waived pursuant to the provisions of Section 3.01 the tender documents shall require prospective tenderers for construction contracts to include substantially the information requested by Section 3.04.

D. Receipt and Evaluation of Tenders

5.05 Opening of Tenders

Tenders, together with evidence of surety, shall be submitted in sealed envelopes and shall be treated pursuant the following:

- (a) On the date and place set for opening of tenders, which place shall be open to all persons who have submitted tenders, the Chairman or other members shall unlock the box and remove and open the tenders found therein.
- (b) In cases where prequalification was required or utilised, the Chairman shall announce the tenders received from contractors on the Register and all other tenders shall be rejected, or in the cases where prequalification was not required or utilised, the Chairman shall announce all tenders.
- (c) The Chairman and other members of the Committee shall initial the tenders and shall cause a note to be taken of the member of such tenders and of such further information as the Committee may require.

5.06 Evaluation of Tenders

- (a) Tenders eligible for consideration shall be evaluated by the Project Execution Office and returned to the Special Tenders Committee with recommendations for the decision of the Committee.
- (b) The tender recommended for award together with a report, analysing all tenders shall be submitted to the Bank for review and concurrence.
- (c) Subsequent to the acceptance by the Bank of the report and concurrence with the proposed award, the Officer-in-Charge of the Project Execution Office shall prepare the necessary documentation for the authorisation of award to the successful tenderer.

VI. Other Conditions and Procedures

6.01 Procurement Exclusively with Local Funds

Whenever it is contemplated that contracts for construction or for the supply of equipment, material or other goods are to be tendered utilising either the funds of the Borrower or the currency of the Borrower made available by the Bank Loan, that is, no foreign exchange from the Bank Loan is to be utilised, the Borrower may restrict the competition to national contractors and the equipment, material and other goods to those of Guyanese origin.

6.02 Participations of Tenderers from Member Countries

Whenever the goods and services to be acquired are to be financed totally or partially with the foreign exchange resources of the Bank Loan, the procedure and specific tender requirements shall permit free participation of bidders from member countries of the Bank, pursuant to the standards of eligibility governing the use of resources of the Fund for Special Operations. Consequently such procedures and/or specific requirements shall not contain any condition which may impede or restrict the participation of such bidders.

6.03 Origin of Goods and Services

Tenders will be presented with an indication of the origin of all goods. At the same time tenders should indicate the origin and costs of any technical services from outside Guyana.

6.04 Margins of Preference in the Procurement of Goods

A margin of preference may be applied in favour of tenders of goods produced in Guyana or, as the case may be, in countries which are members of the Caribbean Community (CARICOM), in accordance with the following rules.

(a) National Margin of Preference

- (i) Goods shall be considered to have originated in Guyana if the cost of the Guyanese materials, labour and services used to produce the item constitutes not less than 40% of the total cost of the item.
- (ii) In comparing tenders, the offered price of Guyanese products shall be delivered price of the product at the project site, with deductions for: (1) import duties paid on significant raw materials or manufactured components, and (2) local sales, consumption and value-added taxes incorporated in the cost of the item being offered. Proof of the amounts to be deducted under (1) and (2) above shall be provided by the bidder solely for price comparison purposes.
- (iii) Also for price-comparison purposes, the offered price of products of external origin shall be the CIF price of the product (excluding import duties, consular fees and port taxes), to which shall be added the sum of: (1) port handling charges, and (2) any local transportation from the port or frontier point of entry to the project site.
- (iv) The following rules shall be observed in comparing offered prices for goods of local and external origin:
 - (1) the costs expressed in foreign currency shall be converted to their equivalent in dollar of Guyana at the rate of exchange agreed upon between the Borrower and the Bank in the Loan Contract.
 - (2) a margin of 15% or the actual customs duties, whichever is the lesser, shall be added to the offered price of foreign products, calculated as stipulated in (iii) above.

(b) Regional Margin of Preference

- (i) Goods will be considered of regional origin if: (1) they were produced in a member country of CARICOM and satisfy the requirements established in the legal instruments governing that Community with respect to origin and other matters related to the programs for liberalization of regional trade, and (2) the local value added is not less than 40% of the total cost of the item.
- (ii) To the CIF price of the product tendered the local cost referred in paragraph (a)(iii)(1) and (2) above (National Margin of Preference) shall be added.

- (iii) The following rules shall be observed in comparing offered prices for goods originating in CARICOM countries and for goods originating in other eligible foreign countries:
- (1) The prices expressed in foreign currency shall be converted to their equivalent in dollars of Guyana on the same basis of calculation established in paragraph (a) (iv)(1) above;
 - (2) A margin of 15% or of the difference between the duties applicable to the goods if they originate in CARICOM and the duties applicable to the same goods if they originate in eligible foreign countries that are not members of that Community, whichever is the lesser, shall be added to the offered price of goods originating in countries which are not members of CARICOM; and
 - (3) If application of the above rules shows that the offer of the product originating in a member country of CARICOM is more convenient than the offer of the product originating in a country which is not a member of CARICOM, foreign exchange from the Loan may be used for the acquisition of the former.

6.05 Bank Approval or Concurrence

- (a) All documents utilised for tendering purposes, including prequalification, invitation to tender, draft contracts, etc., shall be approved by the Bank prior to their utilisation. Similarly, any modification or amendment to any such document made subsequent to Bank approval shall be submitted to and approved by the Bank prior to the distribution of such modification or amendment to prospective tenderers or other interested parties.
- (b) The proposed award of a contract shall be submitted to the Bank for its concurrence prior to such award being notified to the tenderers.

6.07 Rejection of Tenders

The Special Tenders Committee may reject all tenders, after consultation with the Bank, for any of the following reasons:

- (a) Where no tender meets the intent of the specifications or does not otherwise conform to the conditions of tender, or where there is evidence of collusion.
- (b) Where only one conforming tender is received, although the Special Tenders Committee, may recommend that such tender, if in the best interest of the Borrower and with the concurrence of the Bank, be awarded.
- (c) Where the lowest conforming tender substantially exceeds the official estimates.

6.08 New Invitation to Tender

- (a) The Special Tenders Committee shall issue a new invitation to tender whenever, for any of the reasons set forth in Section 6.06, all bids have been rejected or no conforming bids have been received. Such new invitations to tender may be limited to firms on the Prequalification Register in the cases where prequalification was required or utilised when it is believed that adequate responses would be received.

- (b) New invitations to tender shall be issued pursuant to the requirements of Sections 5.01 and 5.02 regardless of whether prequalification was not required or was utilised. In the event the Prequalification Register is reopened because it is deemed desirable to augment the number of eligible firms, the requirements of Sections 3.02 and 3.03 shall be followed. In the latter case, the invitation to tender shall be sent also to the firms then on the Prequalification Register. At the request of the Special Tenders Committee, the Bank may approve shortening the time periods required in the respective sections for the submission of applications for prequalification and/or for submission of tenders.

6.09 Limitations on Tenders

The purpose of these regulations is to ensure the widest possible competition in the procurement of goods and services to enable the Borrower to obtain the lowest possible price within the requirements of the rules relating to Bank financing. Accordingly, the Borrower shall ensure that tender conditions and other documents and requirements shall permit the free participation of prospective tenderers in or from all the member countries of the Bank and shall impose no condition or procedures which would impede or improperly restrict the participation of such prospective tenderers.

6.10 Bank Participation in Tender Procedures

Tender procedures are exclusively the responsibility of the Borrower and the participation of the Bank is limited to review and concurrence wherever herein required. However, the Borrower, notwithstanding any decision of the Bank to withhold its approval or concurrence, may proceed with the action proposed, in which case the Bank may determine that financing under the Loan Contract will not be utilised and the Borrower would be required to utilise funds other than those derived from the Loan for the payment of the goods and/or services thereafter procured, in which case, the corresponding amount of the Bank Loan would be cancelled.

6.11 Disqualification of Contractors and Suppliers

Tender documents, including the prequalification application, shall include a provision stating that if any fee, commission, percentage, brokerage, contingent fee, gratuity, gift, or other consideration is offered, promised or accepted with respect to a tender offer to facilitate obtaining a contract or any favourable action under the Project or for any other similar reason whatsoever connection with this Project, such activity shall be subject to the full force and effect of the Laws of Guyana, and all contractors and/or suppliers connected with such activity may be immediately disqualified from participating in the Project in any way whatsoever, without liability of any sort to the Borrower or the Bank.