

LOAN AGREEMENT

(Supr naam Sub-Project)
(Tapakuna Irrigation Project) ✓

BETWEEN

CARIBBEAN DEVELOPMENT BANK

AND

GUYANA

Dated: November 5, 1979

LOAN AGREEMENT

AGREEMENT dated November 5, 1979 between the Caribbean Development Bank (hereinafter called the Bank) and Guyana (hereinafter called the Borrower).

ARTICLE 1

Definitions

Section 1.01 Wherever used in this Loan Agreement, unless the context otherwise requires, the following terms have the following meanings:-

- (i) "DIB" means the Drainage and Irrigation Board established by the Drainage and Irrigation Act (Chapter 64:03) of the Borrower;
- (ii) "GRB" means the Guyana Rice Board established by the Guyana Rice Marketing Act (Chapter 72:01) of the Borrower;
- (iii) "Guyana dollars" or "GUS\$" means any currency which is for the time being legal tender of the Borrower;
- (iv) "IBRD" means the International Bank for Reconstruction and Development;
- (v) "Ministry of Agriculture" means the Ministry of Agriculture of the Borrower, and any successor or successors thereto acceptable to the Bank;
- (vi) "McNabb Farm" means the rice seed production farm of GRB located within the 35,000 acre area extending from the Somerset and Berkshire main canal in the north to Zorg-en-Vlicht in the south which is expected to be developed under the Tapakuma Irrigation Project;
- (vii) "Project" means the construction by DIB of the civil works for the Supe naam Sub-Project of the Tapakuma Irrigation Project outlined in paragraph 2 of Schedule 1 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Bank and the Borrower;
- (viii) "Project Manager" means the person appointed by the Borrower as Project Manager for the purpose of the Tapakuma Irrigation Project in consultation with IBRD;

- (ix) "Supe naam Scheme Area" means the 4,859 acre area contiguous with the Essequibo coastal areas and extending from Maria's Lodge in the north to the Supe naam River in the south which is expected to be developed under the Tapakuma Irrigation Project in consultation with IERD;
- (x) "Supe naam Sub-Project" means the development of the Supe naam Scheme Area in accordance with the development programme outlined in Schedule 1 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Bank and the Borrower;
- (xi) "Tapakuma Irrigation Project" means the Borrower's programme to improve the quality and increase the production of rice, consisting of civil works for irrigation and drainage systems, on-farm development, extension services, research, seed production and facilities for project management in 4 contiguous areas comprising 51,161 acres located along the Essequibo Coast and bounded on the north by the Pomeroon River and on the south by the Supe naam River.

ARTICLE 11

The Loan and its Purpose

Section 2.01 Amount of Loan. Subject to the terms and conditions set forth and referred to in this Loan Agreement, the Bank agrees to lend to the Borrower from the Ordinary Capital Resources of the Bank an amount not exceeding the equivalent of four million United States dollars (US\$4,000,000).

Section 2.02 Loan Account. The Bank shall open a Loan Account in its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement.

Section 2.03 Purpose. The purpose for which the Loan is granted is to assist the Borrower in financing the Project.

ARTICLE 111

Amortisation, Interest, Commission
and Commitment Charge

Section 3.01 Amortisation. The Borrower shall repay the amount of the Loan withdrawn from the Loan Account in thirty (30) equal or approximately equal and consecutive semi-annual instalments on January 15 and July 15, in each year (hereinafter called the Due Dates) the first instalment being due and payable on the first Due Date after the expiry of five (5) years from the date of the first disbursement hereunder or on such later date as may be specified by the Bank. The Bank shall provide the Borrower with an amortisation schedule before the date for payment of the first instalment under this Section.

Section 3.02 Interest. The Borrower shall pay interest at the rate of eight percent (8%) per annum on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Such interest shall accrue from the respective dates on which amounts shall be so withdrawn and shall be payable semi-annually on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement hereunder.

Section 3.03 Commission. The Borrower shall pay to the Bank a commission at the rate of one percent (1%) per annum on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Such commission shall accrue from the respective dates on which amounts shall be so withdrawn and shall be payable semi-annually on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement hereunder.

Section 3.04 Commitment Charge. The Borrower shall pay to the Bank a commitment charge at the rate of three quarters of one percent ($\frac{3}{4}\%$) per annum on the unwithdrawn amount of the Loan from time to time. Such charge shall accrue from the sixtieth day after the date of this Loan Agreement to the respective dates on which amounts are so withdrawn by the Borrower or are cancelled and shall be payable semi-annually on the Due Dates, the first payment being due and payable on the first Due Date after the date on which the charge shall accrue.

Section 3.05 Computation of Interest and Other Charges. Interest and all other charges in respect of the Loan shall be computed daily on the basis of a 365-day year.

Section 3.06 Advance Payments. The Borrower shall have the right, upon payment of all accrued interest and other charges and upon not less than 45 days' notice to the Bank, to repay in advance of maturity any portion of the loan outstanding. Advance payments, unless otherwise agreed, shall be applied to the outstanding instalments of principal in the inverse order of their maturity and the amortisation schedule provided under Section 3.01 of this Loan Agreement shall be amended accordingly.

Section 3.07 Place of Payment The principal of, and interest and other charges on, the Loan shall be paid at such places as the Bank may request.

Section 3.08 Overdue Payments. In case the Borrower fails to pay the principal, interest and/or other charges due and payable under this Loan Agreement, the Borrower shall pay to the Bank interest on such overdue principal, interest and/or other charges at the rate of nine percent (9%) per annum for a period from the day immediately succeeding the Due Date to the day of actual payment thereof, both dates inclusive.

ARTICLE 1V

Withdrawal of Proceeds of Loan

Section 4.01 Withdrawal of Application of Proceeds. (a) Subject to the provisions of this Loan Agreement the Borrower is entitled to withdraw from the Loan Account amounts required for the purpose of the Project, provided, however, that except with the agreement of the Bank:-

- (1) withdrawals may not be made on the account of expenditures incurred before the date of this Loan Agreement; and
- (11) withdrawals shall not at any time exceed the foreign cost component of expenditures incurred in respect of the Project.

(b) The proceeds of the Loan so withdrawn shall be applied by the Borrower for the purpose of the Project in accordance with the provisions of this Loan Agreement.

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

Section 4.03 Final Period for Disbursement. The sum referred to in Section 3.01 of this Loan Agreement may be disbursed up to June 30, 1982, or such later date as shall be specified in writing by the Bank (hereinafter called the Closing Date).

Section 4.04 Procurement. (a) Except as the Bank may otherwise agree, or as provided in Section 7.01(b) of this Loan Agreement the goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the procedures outlined in "Guidelines for Procurement" and "Guidelines for Choice of Consultants" published by the Bank in September 1976 as the same may from time to time be amended by the Bank.

(b) The Borrower hereby acknowledges that it has been furnished with a copy of the said publications.

Section 4.05 Goods and Services to be used Exclusively in Carrying Out the Project. Except as the Bank may otherwise agree the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Section 4.06 Requests for Withdrawals or for Special Commitment.

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

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

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

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

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

Section 4.11 Countries Eligible for Procurement. Except as the Bank may otherwise agree, any goods and services required for carrying out the Project shall, if they are to be financed out of the proceeds of the Loan, be procured only in the States and Territories mentioned or referred to in Schedule 2 to this Loan Agreement.

ARTICLE V

Currency Provisions

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

Section 5.02 Currencies in which Principal is payable. (a) The Loan shall be repayable in the several currencies withdrawn from the Loan Account and the amount payable in each currency shall be the amount withdrawn in that currency, provided that if withdrawals shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase.

(b) The portion of the Loan to be repaid in a particular currency shall be repayable in such instalments as the Bank shall from time to time specify provided that the amount of the Loan to be repaid on each Due Date shall remain as set forth in the amortisation schedule to be provided under Section 3.01 of this Loan Agreement.

Section 5.03 Currencies in which Commitment Charge, Commission and Interest are Payable. The Commitment Charge shall be payable in United States dollars and Interest and Commission on any portion of the Loan shall be payable in the currency or currencies in which the principal of such portion of the Loan is repayable.

Section 5.04 Purchase of Currencies. The Bank will, at the request of the Borrower, and on such terms and conditions as the Bank shall determine, purchase any currency needed by the Borrower for payment of Commitment Charge, Principal, Interest, Commission and other charges required under this Loan Agreement upon payment by the Borrower of sufficient funds therefor in such currency or currencies to be specified by the Bank from time to time. In purchasing the currency or currencies required, the Bank shall be acting as agent of the Borrower and the Borrower shall be deemed to have made any payment required under this Loan Agreement only when and to the extent that the Bank has received such payment in the currency or currencies required.

Section 5.05 Valuation of Currencies. Whenever it shall be necessary for the purposes of this Loan Agreement to determine the value of one currency in terms of another, such value shall be reasonably determined by the Bank in consultation with the International Monetary Fund.

ARTICLE VI
Conditions Precedent

Section 6.01 Conditions Precedent to First Disbursement. The Bank shall not be obliged to make the first disbursement until the following prerequisites have been complied with to its entire satisfaction:-

- (i) The Bank shall have received from the Borrower one or more opinions, satisfactory to the Bank, of a legal practitioner or attorney-at law, acceptable to the Bank, showing that -
 - (aa) the Borrower has complied with all the necessary requirements under the Constitution, Laws and Regulations in force in Guyana in order to enter into this Loan Agreement;
 - (bb) the Loan 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 in accordance with all of its terms
- (ii) The Bank shall have received proof that the person or persons who signed this Loan Agreement on behalf of the Borrower were legally empowered to do so;
- (iii) The Bank shall have been satisfied that the aggregate of all loans (including the Loan) raised under the External Loans Act (Chapter 74:08) of the Borrower does not exceed one billion Guyana dollars (G\$1,000,000,000);
- (iv) The Borrower shall have designated one or more representatives to represent it in all acts regarding the implementation of this Loan Agreement and shall have furnished the Bank with authenticated facsimiles of the signature of the said representative or representatives;
- (v) The Borrower shall have assigned the Project Manager to serve full time as Project Manager of the Tapakuma Irrigation Project at the locality of the areas which are expected to be developed under the Tapakuma Irrigation Project and the Project Manager shall have taken up his duties at such locality;

- (vi) The Borrower shall have constituted a co-ordinating Committee consisting of a representative each from the Hydraulics Division, Agriculture Division, Lands Division and Land Development Division of the Ministry of Agriculture, DIB and GRB and the Project Manager and any other representative or representatives from such other agency or agencies directly engaged in drainage, irrigation or rice production as may be agreed between the Bank and the Borrower.
- (vii) The Borrower shall have made arrangements acceptable to the Bank with the International Development Association for financing three million United States dollars (US\$3,000,000) for the foreign cost components in respect of the civil works for the Project.

ARTICLE VII

Particular Covenants

Section 7.01 Execution of Project. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with appropriate administrative, agricultural, engineering and financial standards and practices,

(b) Except as the Bank may otherwise agree, in carrying out the Project, the following arrangements must be adhered to:-

- (i) The Consultants appointed by the Borrower for the purpose of the Tapakuma Irrigation Project with the approval of IERD shall be responsible for the completion of the tender documents, the preparation of the specifications, bills of quantities and cost estimates, the evaluation of tenders, the negotiation of construction contracts and the supervision of the construction works and on-farm development for the Project provided, however, that the Borrower shall cause the Engineering Consultants to clearly identify in the contract documents the items of civil works and their description, units, quantities and rates and to ensure that all components are costed separately by the Contractors to be appointed for carrying out the Project.
- (ii) the Borrower shall cause DIB to carry out the on-farm development required for the Supe naam Sub-Project through the Hydraulics Division of the Ministry of Agriculture.
- (iii) the Borrower shall cause DIB to procure the services of competent and experienced contractors for carrying out the Project in accordance with the procedures mentioned and referred to in Section 4.04 of this Loan Agreement,

- (iv) the Co-ordinating Committee referred to in Section 6.01 (vi) of this Loan Agreement shall be responsible for setting objectives for the implementation of the Project and monitoring the progress of the Project.
- (v) the Project Manager shall be responsible for planning, directing and controlling the implementation of the Project in accordance with the objectives set by the aforementioned Co-ordinating Committee.

(c) No substantial alteration shall be made to the design, drawings and specifications of the construction works for the Project without the prior approval of the Bank.

(d) No change shall be made in the appointment to or the terms of reference of the post of Project Manager without the prior approval of the Bank.

Section 7.02 Records and Information (a) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the administration and operations thereof and the financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to show the expenditure of the proceeds of the Loan and to record the progress of the Project (including the cost thereof).

(c) The authorised representatives of the Bank shall be entitled to enter any lands or facilities operated by the Borrower for the purpose of inspection of the goods financed out of the proceeds of the Loan and the site, works, plant and construction included in the Project, the operation thereof and any relevant records and accounts and the Borrower shall provide the authorised representatives of the Bank with all reasonable opportunities and facilities for this purpose.

Section 7.03 Cooperation between Bank and Borrower. (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the loan will be accomplished. To that end, the Bank and the Borrower shall from time to time at the request of either party, exchange views through their representatives with regard to the progress of the Project the performance by the Borrower of its obligations under this Loan Agreement and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under this Loan Agreement.

(c) The Borrower shall afford all reasonable opportunities and facilities for accredited representatives of the Bank to visit any part of the territory of the Borrower for purposes related to the Loan and the Project.

Section 7.04 Maintenance and Insurance for the Project. Except as the Bank may otherwise agree, the Borrower shall take out and maintain or cause DIB to take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practice and without any limitation upon the foregoing such insurance shall cover marine, transit, and other hazards incident to acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in currency freely usable by DIB to replace or repair such goods.

Section 7.05 Additional Funds. The Borrower shall provide promptly, as necessary, all funds in addition to the Loan and all other resources required for the punctual and effective carrying out of the Project and, in particular, shall be responsible for meeting any amount by which the cost of the Project exceeds thirty-two million and nine thousand Guyana dollars (G\$32,009,000).

Section 7.06 Contributions by Borrower and Others. (a) Without prejudice to the provisions of Section 7.05 of this Loan Agreement the Borrower shall provide or cause the following components of the Supenaam Sub-Project to be provided in a timely manner consistent with the projections outlined in Schedule 4 of this Agreement:

- (i) the local cost components and the balance of the foreign cost components in respect of the civil works;
- (ii) the components in respect of the on-farm development, operating equipment, equipment for maintenance and on-development and Consultants' services;
- (iii) the components in respect of the equipment for agricultural extension, applied research and seed production;
- (iv) the components in respect of the Ituribisi Conservancy Lake.

(b) The components to be provided under sub-paragraph (i) of paragraph (a) of this Section shall be provided through the International Development Association and from the Borrower's own resources or through other means acceptable to the Bank;

(c) The components to be provided under sub-paragraphs (ii), (iii) and (iv) of paragraph (a) of this Section shall be provided through the Government of the United Kingdom, IBRD and the Organisation of Petroleum Exporting Countries' Special Fund, respectively, or through other means acceptable to the Bank.

Section 7.07 Strengthening of Extension Division of GRB. The Borrower shall adhere to the programme approved by IBRD to strengthen the extension division of GRB as amended from time to time by agreement between IBRD, the Bank and the Borrower.

Section 7.08 Appropriate Extension Services. The Borrower shall ensure that Farmers in the Supe naam Scheme are provided with appropriate extension services and credit for agricultural inputs and machinery services.

Section 7.09 Maintenance of Insurance by GRB. The Borrower shall cause GRB to take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank for insurance against such risks and in such amounts as shall be consistent with appropriate business practice.

Section 7.10 Provision of Sufficient Drying, Storing and Milling Facilities. The Borrower shall cause GRB to ensure that sufficient drying, storage and milling facilities are provided by private rice millers and GRB to process the total annual production of paddy in Supe naam Scheme Area.

Section 7.11 Arrangements by GRB for ensuring adequate quantities of Parboiled Rice are Processed. The Borrower shall cause GRB to make arrangements for ensuring that adequate quantities of parboiled rice are processed by GRB so as to decrease its carry-over stock of white rice.

Section 7.12 Maintenance of Reserve Fund out of Profits Earned by GRB from Export Sales. Except as the Bank and the Borrower may otherwise agree, the Borrower shall cause GRB to create and maintain a special reserve fund by way of annual provisions out of profits earned from export sales of rice in order to:

- (i) stabilise the price paid to rice farmers; and
- (ii) cover costs of replacement and major repairs of its farm machinery and rice processing equipment.

Section 7.13 Technical Standards to Improve Quality of Seed. The Borrower shall introduce and maintain such technical standards as shall be required to improve the quality of seed produced by all rice seed producers, including the McNabb Farm

Section 7.14 Improvement of Quality of Milling and Increased Processing The Borrower shall cause GRB to establish and maintain prices to be paid by GRB for rice milled by private millers at such levels as shall be required to ensure by allowing a reasonable profit margin to such millers, that such millers would improve the quality of milling and process a greater amount of rice produced in the Supe naam Scheme Area.

Section 7.15 Provision by GRB of Adequate Maintenance and Repair Facilities. The Borrower shall cause GRB to establish and maintain adequate maintenance and repair facilities at the Supe naam Scheme Area for field equipment for rice production.

Section 7.16 Provision of Additional Tractors, Combines and Separators and Other Equipment. The Borrower shall provide or cause GRB to provide additional tractors and combines for land preparation and harvesting for timely use in the Supe naam Scheme Area and additional separators and other equipment for GRB's mill at Anna Regina when needed for meeting the projected increased milling requirements in the Supe naam Scheme Area or make other arrangements acceptable to CDB for that purpose.

Section 7.17 Export Marketing Programme. The Borrower shall cause GRB to carry out an active and continuing export marketing programme.

Section 7.18 Shipments to Overseas Markets. The Borrower shall cause GRB to make shipments to overseas markets from areas where milling facilities are located wherever it is possible to do so.

Section 7.19 Review of Level of Input Subsidies. The Borrower shall review the level of input subsidies to rice farmers and take steps to reduce the level in accordance with arrangements agreed with IARD and the Bank.

Section 7.20 Examination of GRB's Operation. The Borrower shall, not later than December 31, 1979, or such later date as the Bank may specify in writing (i) arrange to have GRB's operations examined by a management consultant or management consultants acceptable to the Bank for the purpose of obtaining specialist advice and recommendations in regard to GRB's operations in order to make it an efficient and commercially viable corporation in accordance with terms of reference agreed with the Bank; and (ii) introduce such measures acceptable to the Borrower and the Bank consistent with the advice and recommendations of such management consultant or management consultants, as the case may be.

Section 7.21 GRB's Administrative, Accounting and Auditing Arrangements. The Borrower shall cause GRB to adhere to administrative, accounting and auditing arrangements acceptable to the Bank.

Section 7.22 GRB to furnish Audited Financial Statements. The Borrower shall cause GRB to furnish its audited financial statements for each year to the Bank not later than four (4) months after the end of that financial year.

Section 7.23 Adequate Charges to be made by DIB for Drainage and Irrigation. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause DIB to establish, maintain and collect charges on irrigable agricultural land served by the drainage and irrigation systems included in the Supernaam Sub-Project through the Ministry of Agriculture, as each of such systems is completed, at such levels as shall be required to provide DIB with revenues sufficient to cover the operating and maintenance costs of DIB attributable to the provision of irrigation and drainage for such land, beginning one year after completion of such systems and the on-farm development for such land.

Section 7.24 Operation and Maintenance Unit to be Established. The Borrower shall cause DIB to establish and maintain an operation and maintenance unit under the direction and control of an engineer for the operation and maintenance of the civil works to be constructed under the Project through the Hydraulics Division of the Ministry of Agriculture and in particular the said unit shall be responsible for maintaining such works in good repair and condition and for distribution and controlling the use of water in the Supernaam Scheme Area.

Section 7.25 Control of Use of Water by DIB. The Borrower shall cause DIB to introduce and maintain measures acceptable to the Bank for controlling the use of water by farmers in the Supernaam Scheme Area in excess of their requirements through the operation and maintenance unit to be established by DIB in accordance with Section 7.24 of this Loan Agreement.

Section 7.26 Responsibility of Borrower for Taxes, Fees, etc. The Borrower shall pay or cause to be paid all taxes, duties and fees, if any, imposed under the laws in force in Guyana in connection with the execution, issue, delivery or registration of this Loan Agreement and all agreements amending or supplemental to this Loan Agreement and all payments of principal, interest and other charges thereunder shall be made without deduction for any taxes imposed under any such laws.

Section 7.27 Priority of Loan. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets.

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

(c) The foregoing provision of this Section shall not apply to:

- (i) ~~any~~ lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or
 - (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.
- (d) As used in this Section the term -
- (i) "external debt" means any debt payable in any medium other than the currency which at the time in question is legal tender in Guyana whether such debt is payable absolutely or at the option of the creditor in such other medium;
 - (ii) "governmental assets" means assets of the Borrower, of any of its political sub-divisions, of any agency of the Borrower or of any such political sub-division, including the Bank of Guyana or any other institution performing the functions of a Central Bank.

ARTICLE VIII

Cancellation and Suspension

Section 8.01 Cancellation of Loan by Borrower. The Borrower may by notice to the Bank cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 4.02 of this Loan Agreement.

Section 8.02 Suspension of Borrower's Right to Make Withdrawals from Loan Account. If any of the following events shall have occurred or be continuing, the Bank may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Accounts:

- (i) The Borrower shall have failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, Interest or any other payment required under this Loan Agreement or any other Loan Agreement between the Bank and the Borrower;
- (ii) The Borrower shall have failed to perform any other obligation under this Loan Agreement;
- (iii) The Borrower shall have failed to make payment of principal or interest or any other payment required under any guarantee agreement between the Borrower and the Bank;
- (iv) An extraordinary situation shall have arisen which shall make it improbable in the Bank's opinion that the project can be carried out or that the Borrower will be able to perform its obligation under this Loan Agreement;

- (v) Prior the the Closing Date, any material adverse change in the condition of the Borrower, as represented by the Borrower, shall have occurred;
- (vi) A representation made by the Borrower in or pursuant to this Loan Agreement or any statement furnished in connection therewith and intended to be relied upon by the Bank in making the Loan shall have been incorrect in any material respect;
- (vii) The Borrower shall have withdrawn or been suspended from membership in the Bank;
- (viii) The Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other Loan Agreements with the Bank because of a failure of the Borrower to perform any of its obligations under any such agreement;
- (ix) Any event specified in sub-paragraphs (ix) and (v) of Section 9.01 shall have occurred;
- (x) Any other event specified in this Loan Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals shall be restored whichever is the earlier. But in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.

Section 8.03 Cancellation. 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 6.01 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 October 1, 1979 or such later date as the Bank may specify in writing, the Bank has not received any application for withdrawal from the Loan Account or for special commitment in accordance with Article IV of this Loan Agreement, or any application having been so received, shall not have been acceptable to the Bank;
- (iii) 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;
- (iv) 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 the Project;
- (v) after the Closing Date an amount of the Loan remains unwithdrawn from the Loan Account.

Section 8.04 Effectiveness of Provisions after Cancellation or Suspension.

Notwithstanding any cancellation or suspension, all the provisions of this Loan Agreement shall continue in full force and effect except as in this Article Specifically provided.

Section 8.05 Amounts subject to Special Commitment not Affected by Cancellation or Suspension by the Bank. No cancellation or suspension by the Bank shall apply to amounts subject to any special commitment entered into by the Bank pursuant to Section 4.02 of this Loan Agreement.

ARTICLE IX
Events of Default

Section 9.01 If any of the following events shall occur and shall continue for the period specified, if any, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan outstanding to be due and payable immediately together with the interest and any other payment required under this Loan Agreement and upon such declaration such principal together with the interest and any other payment required under this Loan Agreement shall become due and payable immediately:

- (i) A default shall occur in the payment of principal or of interest or any other payment required under this Loan Agreement and such default shall continue for a period of thirty (30) days.
- (ii) A default shall occur in the performance of any other obligation on the part of the Borrower under this Loan Agreement and such default shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

- (iii) A default shall occur in the payment of principal or interest or any other payment required under any other loan or guarantee agreement between the Bank and the Borrower and such default shall continue for a period of thirty (30) days.
- (iv) The Borrower shall have failed to fulfil any of its other obligations to the Bank whether arising under the Agreement establishing the Bank or otherwise.
- (v) There shall have been a cancellation, pursuant to Section 8.03 of this Loan Agreement, of such an amount of the Loan as will make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower will be able to perform any of its obligations under this Loan Agreement.

ARTICLE X

Termination

Section 10.01 Upon payment in full of the principal amount of the Loan withdrawn from the Loan Account and all interest thereon and any other payment required under this Loan Agreement, this Loan Agreement and all obligations of the parties thereto shall forthwith terminate.

ARTICLE XI

Enforceability

Section 11.01 Enforceability. The rights and obligations of the Bank and the Borrower under this Loan Agreement shall be valid and enforceable in accordance with the terms. Neither the Bank nor the Borrower shall be entitled in any proceedings under the Loan Agreement to assert any claim that any provision of this Loan Agreement is invalid or unenforceable because of any provision of the laws of the Borrower or of the agreement establishing the Bank or for any other reason.

ARTICLE XII

Miscellaneous

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

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

Section 12.03 All notices and other communications hereunder shall be given in writing and shall be addressed to the appropriate party at the address set forth below or at such other place as such party may designate in writing:-

For the Bank:

Caribbean Development Bank
Wilbey, St. Michael
Barbados, W.I.

Cable Address: Caribank, Bridgetown

Telex: WB 2287

For the Borrower:

Secretary to the Treasury
Ministry of Finance
Main & Urquhart Streets
Georgetown
Guyana.

Cable Address: Minfin
Guyana.

Telex: Guycoopin 255GY

Any such notice or other communication shall be deemed to have been duly given or made when delivered by hand or mail or by telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in this Section or at such other address as such party may be designated by notice to the party giving such notice or making such communication.

ARTICLE XIII

Arbitration

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

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

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

One arbitrator shall be appointed by the Bank; another by the Borrower; and a third (hereinafter called the umpire) shall be appointed by agreement between the parties, either directly or through their respective arbitrators. If the parties fail to agree on who shall be the umpire, he shall be appointed at the request of either party by the Secretary-General of the Caribbean Community. If either side fails to appoint an arbitrator he shall be appointed by the Secretary-General of the Caribbean

Community at the request of the other party. If either of the appointed arbitrators or the umpire is unwilling or unable to act or to continue to act in such capacity, his successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his predecessor.

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

(c) If within thirty days after giving notice instituting the arbitration proceeding the parties shall not have agreed upon an umpire, either party may request the appointment of an umpire as provided in sub-paragraph (c) hereof.

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

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

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

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

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

(k) If within thirty days after the counterparts of the award shall be delivered to the parties the award shall not be complied with, any party may enter judgement upon or institute a proceeding to enforce the award in any court of competent jurisdiction against any other party, may enforce such judgement by execution or may pursue any other appropriate remedies against such other party for the enforcement of the award and the provisions of this Loan Agreement. Notwithstanding the foregoing, this Section shall not authorise any entry of judgement or enforcement of award against the Borrower except as such procedure may be available otherwise than by reason of the provisions of this Section.

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

SCHEDULE 1
DEVELOPMENT PROGRAMME

Description

1. The programme consists of works to improve and increase irrigation supply, rehabilitation, improvement and extension of irrigation and drainage systems, on farm development, the creation of a conservancy lake by damming the Ituribisi River and improvement of supporting services and other facilities.
2. The civil works will consist of the following main components:-
 - (a) construction of 3 new sluices at Spring Garden, Hibernia and Riverstown and the rehabilitation of 3 existing sluices at Aurora, Middlesex and Onderneeming.
 - (b) construction, rehabilitation and improvement of irrigation and drainage systems including head regulators, tail walls, checks and syphons on all estates.
 - (c) construction of approximately 4 miles of all weather road including bridges and culverts.
 - (d) construction of a swamp relief drain with relief structure on the Supe naam River, and flood improvement works on the Ituribisi River.
3. On-farm development will consist primarily of land levelling on about 3,691 acres presently under rice cultivation and clearing and levelling on 520 acres of bush land and 415 acres of pasture suitable for rice production.
4. The construction of the civil works and on-farm development will be carried out simultaneously.
5. Extension service, research and seed production programmes will be carried out to increase rice production by the introduction of improved varieties of rice, increased use of fertilisers and pesticides and improved management of such inputs; to increase family income through better yields; and to optimise the use of existing resources (land, water, machinery, farm inputs) of the Supe naam Scheme Area.
6. The construction works include establishment of offices for the Engineer and his staff, who would be responsible for supervision and coordination of all construction activities. Back-up services and facilities would be provided from the new Project headquarters at Anna Regina which serves as offices for the Project Manager and staff of the various Project divisions. The facilities would also include a machinery repair and servicing shop for equipment used on the Project.

Cost

7. The estimated cost of the aforementioned programme is GU\$33,695,000 made up as follows:

	<u>GU\$ '000</u>
Irrigation Canals	2,788
Drainage Channels	2,232
Flood Protection Works	456
Major Structures	869
Minor Structures	2,415
Roadworks	2,148
Access Items (access to construction sites)	1,056
General Items	3,975
Day Works (Minor Ancillary Works)	241
BASE COST ESTIMATE OF CIVIL WORKS	16,180
On-Farm Development (to be financed by another agency)	700
Equipment (" " " " ")	1,610
Administration & Engineering (" " ")	300
Consultant Services (" " ")	1,400
Extension & Research Services (" " ")	300
BASE COST ESTIMATE OF PROJECT WORKS	20,490
Physical Contingencies (15%)	3,074
Price Contingencies (10% for Civil Works & 7% on others)	<u>6,853</u>
SUB-TOTAL	30,417
Interest during construction	<u>3,278</u>
TOTAL ESTIMATED COST OF PROJECT	33,695

Financing

8. The proposed financing is as follows:-

	<u>GU\$ '000</u>	<u>% of Total</u>
Bank	20,400	61
Government of the United Kingdom & IBRD	5,184	15
Government of Guyana)		
Other Agency or Agencies) Local	8,110	
TOTAL	33,694	100

SCHEDULE 2

(Section 4.11)

COUNTRIES ELIGIBLE FOR PROCUREMENT
Regional Member States and Territories

1. Jamaica
2. Trinidad and Tobago
3. Bahamas
4. Guyana
5. Barbados
6. Antigua
7. Belize
8. Dominica
9. Grenada
10. St.Kitts/Nevis/Anguilla
11. St Lucia
12. St Vincent
13. Monsterrat
14. British Virgin Islands
15. Cayman Islands
16. Turks and Caicos Islands
17. Venezuela
18. Columbia

Non-Regional Member States

1. Canada
2. United Kingdom

Other Eligible States

1. United States of America
2. Federal Republic of Germany

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

CARIBBEAN DEVELOPMENT BANK

GUYANA

SGD.

.. J. SIWRATTAN
TREASURER

SGD.

..... F.E. HOPE
Minister responsible for Finance