

THIS AGREEMENT MADE

THE twelfth (12th)

DAY OF June 1975

BETWEEN:

THE GOVERNMENT OF CANADA  
herein represented by the Secretary  
of State for External Affairs acting  
through the President of the Canadian  
International Development Agency  
(hereinafter referred to as "Canada")

THE GOVERNMENT OF GUYANA  
(hereinafter referred to as "Guyana")

WHEREAS Guyana wishes to secure a development loan for the purchase of  
water well drilling equipment as described in Annex "A" to this Agreement  
and hereinafter called "the Project";

AND WHEREAS Canada is willing to make a development loan available for  
this purpose on the terms and conditions provided herein;

NOW THEREFORE the Parties hereto agree as follows:

ARTICLE 1

The Loan

Section 1.01

Canada shall make available to Guyana on the terms and conditions  
hereinafter set forth a Loan in an amount not to exceed eight hundred  
thousand Canadian dollars (\$800,000.00).

Section 1.02

Canada shall open on its books a Loan Account in the name of Guyana and  
shall credit to such Account the full amount of the Loan. Withdrawals,  
payments and disbursements may be made from the Loan Account in accordance  
with the provision of this Agreement.

Section 1.03

This Loan shall be free from interest, commitment or service charges.

Section 1.04

Payment of the principal amount of the Loan shall be made in eighty (80)  
semi-annual instalments of ten thousand Canadian dollars (\$10,000.00)  
each, due and payable on March 31 and September 30 in each succeeding  
year commencing on March 31, 1985 and ending on September 30, 2024.

Section 1.05

Guyana shall have the right to prepay the principal amount in whole or  
in part on any date without Notice to Canada. The amount of any such  
prepayment shall be applied to the instalments of the principal then  
remaining payable in the reverse order of their maturity.

All payments as set forth herein shall be made by Guyana in Canadian  
dollars to the Receiver General of Canada, and shall be deemed to have  
been paid when received by the Receiver General of Canada.

Section 1.07

The principal of the Loan shall be paid to Canada without any deductions whatsoever and more particularly shall be free from any taxes, charges or other restrictions imposed under the laws of Guyana and those in effect in its territories or administrative, political or judicial divisions or subdivisions.

Section 1.08

The Parties agree that they will negotiate, at the request of either Guyana or Canada, concerning acceleration of payments to the Receiver General of Canada required to be made under this Agreement at any time after six (6) months before the first payment of the principal becomes due and payable. Guyana and Canada shall mutually determine whether such acceleration should take place on the basis of the capacity of Guyana to service a more rapid liquidation of its obligations in the light of its internal and external financial and economic position.

ARTICLE 11Use of the LoanSection 2.01

Except as may otherwise be specifically agreed to by Canada, the proceeds of the Loan shall be used by Guyana exclusively for the purchase of agreed goods and services as described in Annex "A", and the procedures for their procurement and payment shall be those set forth in Annex "B". Each Annex shall be subject to such subsequent modifications as may be agreed upon between Canada and Guyana.

Section 2.02

Services, materials and equipment to be financed from the proceeds of the Loan shall be used exclusively to carry out the projects; the goods and services procured in Canada and financed from the Loan shall have an overall Canadian content of not less than sixty-six and two thirds percent (66 2/3%) unless otherwise agreed to by Canada.

Section 2.03

Services, material and equipment contracted for prior to the effective date of this Agreement may not be financed out of the proceeds of the Loan except as may otherwise be agreed to by Canada.

Section 2.04

Proceeds from the Loan shall not be used by Guyana to meet the cost of any taxes, fees or customs duties imposed directly or indirectly by Guyana on any services, material or equipment required for the project.

ARTICLE 111Withdrawals of Proceeds of LoanSection 3.01

Withdrawals shall be deemed to occur on the dates on which payments are made by Canada either directly to Guyana or its designated agent, or to a firm or banking institution in respect of goods and services supplied under this Agreement.

Section 3.02

Subject to the conditions and limitations set forth herein, Guyana shall be entitled to withdrawals from the Loan Account in such amounts as are required to meet the costs of the goods and services which are eligible for financing as the costs become due and payable in accordance with Annex "B".

Section 3.03

Guyana or its designated agent shall provide Canada with a copy of each contract or purchase order for the procurement of services, materials and equipment in respect of which any withdrawal is to be made.

Section 3.04

Withdrawals from the Loan Account may be made in favour of such persons or agencies as may be designated by Guyana and agreed to by Canada.

Section 3.05

In each calendar month, Guyana or its designated agent shall submit to Canada one (1) Application for withdrawal of such amounts as shall have been paid or will be paid during that month, unless otherwise agreed to by Canada.

Section 3.06

Guyana or its designated agent shall furnish or cause to be furnished to Canada such documents and other evidence in support of its Application for Withdrawal as Canada may reasonably request, such evidence to be sufficient in form and substance to establish that the amounts to be withdrawn are properly related to the purpose of the projects.

ARTICLE IVCancellation and SuspensionSection 4.01

Guyana may, by sixty (60) days' written Notice to Canada, cancel all or any part of the Loan not withdrawn by Guyana prior to the giving of such Notice and not required to meet outstanding financial obligations to suppliers or firms incurred under the Loan.

Section 4.02

If any of the following events occur, Canada may suspend in whole or in part the right of Guyana to make withdrawals under the Loan Agreement, or declare the principal outstanding due and payable immediately and cancel that part of the loan not previously withdrawn:

- (a) A default by Guyana in the payment of principal or in any other payments or repayments required under this Agreement and the Annexes hereto;
- (b) A default on the part of Guyana in the performance of any undertakings under this Agreement;
- (c) Any extraordinary situation which renders it impossible for Guyana to perform its obligations under this Agreement.

Section 4.03

If the full amount of the Loan is not committed by Guyana the balance will be cancelled by sixty (60) days' written Notice from Canada and the final instalment or instalments of the repayment to be made shall be reduced accordingly.

ARTICLE VGeneral UndertakingsSection 5.01

Guyana shall ensure that the projects are carried out, operated and maintained with due diligence and efficiency and in conformity with sound engineering, construction and financial practices.

Section 5.02

Canada and Guyana shall cooperate fully to ensure that the purpose of the Loan will be accomplished, and each shall furnish to the other all such information as shall reasonably be requested with regard to the general status of the Loan. Guyana shall inform Canada as soon as possible of any condition or contingency which interferes with, or threatens to interfere with, the accomplishment of the Project or any matter or thing in connection therewith.

Section 5.03

Guyana shall afford accredited representatives of Canada all reasonable opportunities to visit any part of the territories of Guyana for the purposes related to this Loan Agreement.

Section 5.04

This Agreement and any Annexes thereto shall be free from any taxes, fees or other charges that may be imposed under the laws of Guyana and those in effect in its territories or administrative, political or judicial divisions or subdivisions in connection with the execution, issue, delivery and registration thereof.

Section 5.05

It is understood and agreed by Guyana and Canada, that the Articles of this Agreement and Annex "A", "B", and "C" thereto all form an integral part of the present Agreement.

Section 5.06

For the purposes of this Agreement and Annexes thereto Guyana shall include any agent or agents authorized by and on behalf of Guyana with regard to its rights, duties and obligations herein.

ARTICLE VICommunicationsSection 6.01

Any communications or documents given, made or sent by either Guyana or Canada pursuant to this Agreement or any Annex thereto shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed at the time of its delivery by hand, mail, telegram, cable or radiogram at its respective address, namely:

For Guyana:	The Ministry of Economic Development
Mail Address	Ministerial Building P. O. Box 542 Georgetown, Guyana
Cable Address	ECONDEV, GUYANA
For Canada:	The President
Mail Address	Canadian International Development Agency 122 Bank Street Ottawa, Ontario K1A 0G4
Cable Address	CIDA OTTAWA

Section 6.02

Any one of the Parties hereto may, by written Notice to the other Party hereto, change the address to which any Notice or request intended for the Party so giving such Notice shall be addressed.

Section 6.03

All communications and documents pertaining to this Agreement shall be in the English language.

ARTICLE VII

Simultaneous Execution of Agreement

Section 7.01

This Agreement may be simultaneously executed in several counterparts each of which so executed shall be deemed to be an original.

Section 7.02

This Agreement and Annexes "A", "B", and "C" attached hereto, which form part of this Agreement, may be amended from time to time upon agreement of the parties concerned. Amendment to the main body of the Agreement shall be executed by a formal amendment signed by the authorized representatives. However, amendments to the Annexes may be by an exchange of letters between Guyana and Canada.

IN WITNESS WHEREOF the Parties hereto have caused to be subscribed the signature of their authorized representative at the as of the day and year first above written.

Signed on behalf of  
The Government of Canada

Signed on behalf of  
the Government of Guyana

J. S. Hibbard

H. D. Hoyte

D. A. McMaster

R. Rajnarine

Water Well Drilling Rigs

Guyana

DESCRIPTION OF PROJECT

For the purposes of this agreement, the project shall comprise the purchase of two water well drilling rigs, associated equipment, and materials as indicated below, based upon CIDA Engineering Specifications numbers E388, E393, E395, T396, E401, TD406, and agreed to by the Guyana Water Authority. The project shall also include the C.I.F. costs of the equipment to Georgetown, Guyana.

In addition to the funds provided under the terms of this loan agreement, Canada will finance through grant funds (a) the services of two Canadian master drillers for a period of approximately three months to provide instruction on, and supervise the usage of, the well drilling equipment; and (b) a Canadian evaluation team, as indicated below, six to twelve months after the arrival of the equipment in Guyana.

USE OF THE LOAN

The proceeds of the loan shall be used for the procurement of the following equipment, material, and services:

- (a) One trailer mounted rotary drill unit capable of drilling to 2,500 feet with truck tractor;
- (b) One truck mounted rotary drill unit capable of drilling to a depth of 1,500 feet;
- (c) One low-bed semi-trailer with a 25 ton capacity;
- (d) One diesel powered 46,000 pound tandem truck with 18 foot cargo platform and hydraulic loader;
- (e) Radio transmitter receiver communication equipment;
- (f) Two diesel powered air compressors;
- (g) Basic operating spares; and,
- (h) Ocean freight and insurance.

The total cost of the above equipment, material, and services shall not exceed \$800,000 Canadian.

EVALUATION OF THE PROJECT

Guyana agrees as a condition of this loan to a Canadian evaluation team study six to twelve months after the delivery of the equipment to Guyana. The team will analyse the Guyanese water well drilling program and the usage of the two well drilling rigs and related equipment. The evaluation team will submit their report with recommendations to the Canadian International Development Agency and the Guyana Water Authority.

Should the evaluation team indicate a necessity for a third water well drilling rig similar to one of the two supplied under this loan agreement, and should Guyana formally request Canadian assistance for that purpose, Canada will review the possibility of providing through the loan funding another water well drilling rig within the context of Canadian industrial capability and the priorities of Canada's aid program to Guyana at that time. The recommendations of the evaluation team will not be binding upon Canada.

ANNEX "B"

Water Well Drilling Rigs

Guyana

PROCUREMENT PROCEDURES

1. The Canadian Commercial Corporation (hereinafter referred to as CCC) being acceptable to the borrower as its designated agent, shall provide all services required for the purchasing, expediting, inspection and shipping of Canadian equipment and materials required for the project.
2. Lists of the equipment and material proposed for purchase in Canada shall be submitted to CIDA for approval and forwarded to CCC for procurement.  
  
Before any contracts for the purchase of goods in Canada are entered into, CCC as the designated agent shall invite tenders from a representative list of Canadian manufacturers for the required equipment or material, unless otherwise agreed by CIDA.
4. If other than the lowest tender with acceptable Canadian content is to be approved by CCC as the designated agent, the concurrence of CIDA shall be obtained before the purchase is awarded.
5. Statements of disbursement will be prepared by CIDA and forwarded to Guyana at six month intervals, normally the first of March and the first of September of each calendar year until the project has been completed.

ANNEX "C"

Water Well Drilling Rigs

Guyana

RESPONSIBILITIES OF GUYANA

Guyana will:

1. Use its best endeavours to ensure and facilitate the prompt clearance through Customs, without cost to the loan funds for import, customs and other duties and taxes, of all equipment and materials required for the project.
2. Be responsible for the preparation and submission of insurance claims for losses or damage to equipment or materials while in transit and for the re-ordering and payment of replacement equipment and materials through insurance financing, and in the case of short shipments, will notify the Canadian Commercial Corporation accordingly.  
  
Provide sufficient financial support in succeeding annual budgets for ancillary equipment such as pumps, distribution systems, drill head equipment, etc. for the proper usage and maintenance of the water well drilling rigs.
4. Provide adequately trained personnel to ensure the proper operation and maintenance of the water well drilling rigs.