No. 9612

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
GUYANA

Loan Agreement—*Sea Defense Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 27 September 1968

Authentic text : English.

Registered by the International Bank for Reconstruction and Development on 6 June 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
GUYANE

Contrat d'emprunt — *Projet de protection du littoral* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 27 septembre 1968

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 6 juin 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated September 27, 1968, between GUYANA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has prepared and plans to execute a twelve-year sea defense program (hereinafter called the Sea Defense Program), the 1972-1979 portion of which will be based on necessary feasibility studies, to protect the coastal plains of the Borrower's territories which lie below sea level;

WHEREAS the Borrower has requested the Bank's participation in financing the foreign exchange cost of part of Phase I, the 1968-1972 portion, of the Sea Defense Program and plans to seek assistance for the remainder of the said Phase I from the United Kingdom; and

WHEREAS the Bank has on the basis, *inter alia*, of the foregoing agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations): Section 4.01 is deleted.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars ($5,000,000).

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[1] Came into force on 1 April 1969, upon notification by the Bank to the Government of Guyana.
[2] See p. 188 of this volume.

Section 2.02. (*a*) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(*b*) 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 Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, or as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Loan Agreement :

(i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Categories II, III and IV of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement; and

(ii) the equivalent of sixty-five per cent (65%) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for expenditures (excluding import duties and taxes) under Category I of said Schedule 1, provided, however, that if there shall be an increase in the estimate of such expenditures under the said Category I, the Bank may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

(*b*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of: (i) expenditures made prior to the date of this Agreement, or (ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (*a*) (ii) of this Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods (other than consulting services) to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Bank and (ii) contracts for the procurement of such goods (including contracts for consulting services) shall be subject to the approval of the Bank, which shall be withheld if any such contract shall not have been awarded in accordance with the foregoing or, in the case of civil works contracts, if any such contract would impose an excessive burden on the cost of the Project or unduly delay the completion thereof, because it is based on the use of local stone.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Governor General of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Governor General of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

Particular Covenants

Section 5.01. The Borrower shall carry out or cause the Project to be carried out by its Ministry charged with the responsibility for sea defenses (hereinafter called the Ministry), with due diligence and efficiency and in conformity with sound engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.'

Section 5.02. (*a*) The Borrower shall employ consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank to work with the Ministry for the purpose of (i) preparation of tender documents and supervision of the construction included in the Project and (ii) assistance in conducting the studies set forth in Parts (*c*), (*d*) and (*e*) of the Project.

(*b*) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.03. The Borrower shall: (i) cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, and to record the progress of the Project (including the cost thereof); (ii) enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and (iii) 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, the goods, and the operations and administration of the Ministry or agency or ministries or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 5.04. The Borrower shall maintain separate accounts in respect of the Project and shall have its annual financial statements relating to the Project audited by the Director of Audit of the Borrower and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank copies of such statements and a signed copy of the said Director's report and certificate.