

No. 9612

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**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.*

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**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<sup>1</sup>

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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,<sup>2</sup> 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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<sup>1</sup> Came into force on 1 April 1969, upon notification by the Bank to the Government of Guyana.

<sup>2</sup> 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 ( $\frac{3}{4}$  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.

*Section 5.05.* (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. 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, or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 5.06.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.07.* The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.08.* 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. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions 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.

The term “ assets of the Borrower ” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Guyana and any other institution performing the functions of a central bank for the Borrower.

*Section 5.09.* (a) The Borrower shall at all times take all requisite steps for the acquisition, retention and renewal by it of all such lands, interests in land and properties and all such rights, privileges and powers as may be necessary or proper for the carrying out of the Sea Defense Program.

(b) The Borrower shall cause the sea walls included in the Project to be at all times maintained fully and adequately and shall cause all necessary repairs thereof to be made all in accordance with sound engineering and financial practices.

*Section 5.10.* (a) The Borrower shall complete the remainder of the works included in Phase I of the Sea Defense Program which do not form part of the Project by the end of 1971. For this purpose the Borrower will make all the necessary arrangements to obtain promptly as needed the necessary funds, facilities, services and other resources.

(b) The Borrower shall consult with the Bank regarding the financing and implementation of the recommendations of the studies included in Parts (c), (d) and (e) of the Project.

*Section 5.11.* (a) The Borrower shall, before the commencement of the construction of Part (a) of the Project, make such improvements to the Ministry's Kingston Wharf at Georgetown, as may be necessary to facilitate the handling of stone required for the Project.

(b) The Borrower shall promptly take adequate measures to encourage and facilitate the substantial expansion of the capacity of the stone quarries located within its territories so that the said capacity would, by the end of calendar year 1969, reach a level sufficient to meet the anticipated demands of the Sea Defense Program.

*Section 5.12.* (a) The Borrower shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank for, insurance of the goods financed out of the proceeds of the Loan against such risks and in such amount as shall be consistent with sound practices.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure or cause to be insured the imported goods to be financed out of

the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

### *Article VI*

#### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in Bonds to the contrary notwithstanding.

### *Article VII*

#### EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01(b) of the Loan Regulations, namely, that the Borrower shall have employed consultants for the purpose specified in Section 5.02 (a) (i) of this Agreement.

*Section 7.02.* If this Agreement shall not have come into force and effect by February 1, 1969, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be October 31, 1973 or such later date as may be agreed by the Bank.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :



For the Borrower :

Minister of Finance  
Public Buildings  
Georgetown, Guyana

Cable Address :

Minister of Finance  
Georgetown, Guyana

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable Address :

Intbafrad  
Washington, D.C.

*Section 8.03.* The Governor General of the Borrower is designated for the purpose of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Guyana :

By John CARTER  
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
Vice President

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amount expressed in dollar equivalent</i>
I. Civil Works . . . . .	3,080,000
II. Equipment . . . . .	220,000
III. Consulting Services . . . . .	700,000
IV. Interest and Other Charges during Construction . . . . .	500,000
V. Unallocated . . . . .	500,000
	TOTAL 5,000,000

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to IV shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category V.

2. If the estimate of the cost of the items included in any of the Categories I to IV shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category I, an amount equal to 65% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category V, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

## SCHEDULE 2

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
November 15, 1973	60,000	May 15, 1984	115,000
May 15, 1974	60,000	November 15, 1984	120,000
November 15, 1974	65,000	May 15, 1985	125,000
May 15, 1975	65,000	November 15, 1985	130,000
November 15, 1975	70,000	May 15, 1986	135,000
May 15, 1976	70,000	November 15, 1986	140,000
November 15, 1976	75,000	May 15, 1987	140,000
May 15, 1977	75,000	November 15, 1987	145,000
November 15, 1977	75,000	May 15, 1988	150,000
May 15, 1978	80,000	November 15, 1988	155,000
November 15, 1978	85,000	May 15, 1989	160,000
May 15, 1979	85,000	November 15, 1989	165,000
November 15, 1979	90,000	May 15, 1990	170,000
May 15, 1980	90,000	November 15, 1990	180,000
November 15, 1980	95,000	May 15, 1991	185,000
May 15, 1981	95,000	November 15, 1991	190,000
November 15, 1981	100,000	May 15, 1992	195,000
May 15, 1982	105,000	November 15, 1992	200,000
November 15, 1982	105,000	May 15, 1993	210,000
May 15, 1983	110,000	November 15, 1993	220,000
November 15, 1983	115,000		

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	$\frac{1}{8}\%$
More than three years but not more than six years before maturity	$1\frac{1}{4}\%$
More than six years but not more than eleven years before maturity	$2\frac{1}{4}\%$
More than eleven years but not more than sixteen years before maturity	$3\frac{3}{4}\%$
More than sixteen years but not more than twenty-one years before maturity	5%
More than twenty-one years but not more than twenty-three years before maturity	6%
More than twenty-three years before maturity	$6\frac{1}{2}\%$

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project comprises part of Phase I of the Borrower's Sea Defense Program and includes :

- (a) the construction of about 26,000 feet of sea walls including about 21,000 feet in East Coast Demerara and 5,000 feet in West Coast Demerara, and of nine drainage outfalls and supervision of such construction;
- (b) the purchase of a survey launch, navigation aids, wave recorders, and miscellaneous hydrographic instruments to permit an expansion of the activities of the Hydrographic Survey Section, Ministry of Works and Hydraulics;
- (c) the preparation with the assistance of consultants by the end of 1969 of hydraulic, engineering and economic feasibility studies for the proposed breakwater and alternative measures for protecting the Georgetown esplanade;
- (d) the completion with the assistance of consultants not later than 1971 of a comprehensive study aimed at further improving cross sections for sea walls, including consideration of construction methods, materials, and costs as well as hydraulic tests of models; and
- (e) the preparation with the assistance of consultants of feasibility studies of works to be constructed after 1971, including the assignment of economic priorities to individual sections of sea defenses.

The Project is expected to be completed by December 31, 1972.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 615, p. 98.*]