

No. 12155

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
GUYANA**

**Development Credit Agreement—*Highway Project* (with
schedules and General Conditions Applicable to
Development Credit Agreements). Signed at Washing-
ton on 26 April 1972**

Authentic text: English.

*Registered by the International Development Association on 29 November
1972.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
GUYANE**

**Contrat de crédit de développement — *Projet relatif au
réseau routier* (avec annexes et Conditions générales
applicables aux contrats de crédit de développement).
Signé à Washington le 26 avril 1972**

Texte authentique : anglais.

*Enregistré par l'Association internationale de développement le 29 no-
vembre 1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated April 26, 1972, between GUYANA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the foreign exchange cost of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Borrower has requested from the United Nations Development Programme financial assistance in an amount equivalent to approximately one million two hundred thousand dollars (\$1,200,000) to finance Parts D, F and G of the Project;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (h) thereof and to the renumbering of Section 6.02 (i) into 6.02 (h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to four million four hundred thousand dollars (\$4,400,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for*

¹ Came into force on 15 November 1972, upon notification by the Association to the Government of Guyana.

² See p. 101 of this volume.

Procurement under World Bank Loans and IDA Credits, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1982 and ending April 1, 2022, each installment to and including the installment payable on April 1, 1992 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. (a) The Borrower shall: (i) in order to assist the Borrower in carrying out Parts B and E of the Project, employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association; and (ii) in order to assist the Borrower in carrying out Parts D, F and G of the Project, employ, or otherwise obtain the services of, engineering and economic consultants acceptable to the Association, upon terms and conditions satisfactory to the Association, provided that the consulting services for Parts F and G of the Project shall be obtained within six months after the date of this Agreement or such further time as shall be agreed between the Borrower and the Association.

(b) The Borrower shall use its best efforts to obtain financial assistance from the United Nations Development Programme in an amount equivalent to approximately \$1,200,000 to assist in the financing of the services referred to in paragraph (a) (ii) hereof.

(c) The Borrower shall make qualified counterparts available to work with the consultants under Part F of the Project and, in consultation with the Association, shall: (i) promptly after the first phase of the services of said consultants, determine a timetable to implement the recommendations agreed upon by the Borrower and the Association for the second phase of their services, and (ii) before the end of the second year of the services of said consultants, review the progress of the proposed improvements and shall assess, in consultation with the Association, the need for further technical assistance.

(d) The Borrower shall make qualified counterparts available to work full-time with the consultants under Part G of the Project and, in consultation with the Association, shall review, before the end of the second year of the services of said consultants, the progress of transport planning and shall assess the need for further technical assistance.

Section 3.03. (a) In carrying out Part A of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) The general design standards to be used in the construction of the roads included in Part A of the Project shall be as set forth in Schedule 4 to this Agreement, as modified from time to time by agreement between the Borrower and the Association.

Section 3.04. (a) The Borrower undertakes to insure, or cause to be insured, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the 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.

(b) Except as the Association shall otherwise agree, all goods and services financed out of the proceeds of the Credit shall be used exclusively for the Project until its completion.

Section 3.05. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's accredited representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.06. The Borrower shall take all such action as shall be necessary to acquire as and when needed all such land, properties and rights in respect thereof as shall be required for carrying out Parts A and C of the Project.

Section 3.07. The Borrower shall take all measures necessary to keep the road-way clear and to prevent obstruction of the right-of-way for roads under Part A of the Project.

Article IV. OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.02. (a) The Borrower shall maintain and repair its declared public roads in accordance with sound engineering, economic and financial practices, and shall provide promptly as needed the funds, facilities, services and other resources required for the purpose.

(b) Without limitation or restriction upon the provisions of paragraph (a) hereof, and except as the Association shall otherwise agree, the Borrower shall, by June 30, 1973, and on the basis of the recommendations made by the consultants referred to in Section 3.02 hereof, formulate a road maintenance policy and a five-year maintenance program in accordance with said policy, both satisfactory to the Association; and shall thereafter maintain its roads in accordance with the said policy and program.

Section 4.03. The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such data as are required to assess the technical, economic and financial aspects of the Borrower's road system for proper planning of maintenance, improvements and extensions thereof.

Section 4.04. The Borrower shall, by December 31, 1973 or such other date as shall be agreed with the Association, take all appropriate steps, including the issuance of adequate regulations, to ensure that limits on dimension and axle-loads of vehicles, consistent with the structural and geometric design of the Borrower's roads, are adopted and enforced.

Section 4.05. Except as the Association shall otherwise agree, the Borrower shall:

- (a) by December 31, 1973, submit to the Association, for consultation, a plan to phase out its railways between Georgetown and Mahaica and between Vreed-en Hoop and Parika; and
- (b) maintain in its Ministry of Economic Development a transportation planning unit.

Section 4.06. The Borrower shall complete the road improvement works presently being carried out between Uitflugt and Parika by December 31, 1972 or such other date as shall be agreed with the Association, and shall provide promptly as needed the funds, facilities, services and other resources required for the purpose.

Article V. CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments,

and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the administration, operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI. TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII. REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in this Agreement notwithstanding.

Article VIII. EFFECTIVE DATE; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the Borrower has obtained financial assistance from the United Nations Development Programme or other sources, on terms and conditions satisfactory to the Association, in an amount sufficient to cover the cost of carrying out Parts D, F and G of the Project.

Section 8.02. The date August 29, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.03. The obligations of the Borrower under Sections 4.02, 4.03, 4.04 and 4.05 (b) of this Agreement shall cease and terminate on the date on which the Development Credit Agreement shall terminate or on a date 20 years after the date of this Agreement, whichever shall be the earlier.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Public Building
Georgetown, Guyana

Cable address:

Minfin
Georgetown

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Indevas
Washington, D.C.

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 RAHMAN B. GAJRAJ
Authorized Representative

International Development Association:

By SIMON ALDEWERELD
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each Category and the percentage of eligible expenditures so to be financed in each Category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Road improvement	2,600,000	68% of total expenditures (representing the estimated foreign expenditure component)
II. Weighbridges	200,000	100% of foreign expenditures
III. Consultants under Parts B and E	800,000	100% of foreign expenditures
IV. Unallocated	800,000	
TOTAL	<u>4,400,000</u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower, and

(b) The term "total expenditures" means the aggregate of foreign expenditures and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement, and

(b) payments for taxes imposed directly under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and

(c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I shall increase and

no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following:

- Part A.* Improvement of the following four road sections, totalling about 34 miles; (a) West Coast Road; (b) West Bank Road; (c) Canal Road No. 1; and (d) Canal Road No. 2;
- Part B.* Supervision of works under Part A;
- Part C.* Provision and installation of permanent vehicle weighbridges in such number and at such locations as shall be agreed with the Association;
- Part D.* Feasibility studies of about 200 miles of roads to be agreed upon with the Association;
- Part E.* Detailed engineering of about 100 miles of high priority roads to be agreed upon with the Association resulting from the studies under Part D;
- Part F.* Provision of consulting services to improve the organization and operations of the Ministry of Works, Hydraulics, and Supply; and
- Part G.* Provision of technical assistance to the transportation planning unit of the Ministry of Economic Development.

The Project is expected to be completed by December 31, 1975.

SCHEDULE 3

PROCUREMENT

1. Prequalification of bidders as described in paragraph 1.3 of the Guidelines referred to in Section 2.03 of this Agreement will be used for bidding on road construction and at least 45 days will be allowed for the submission of prequalification documents. The Borrower shall, before prequalification is invited, inform the Association in detail of the procedure to be followed and furnish the text of notices to the embassies and advertisements (with a list of the publications in which such advertisements shall appear) of inviting contractors to prequalify and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Association together with the recommendations of the Consultants for Part B of the Project on prequalification for its comments before the applicants are notified and the Borrower shall make such additions to or deletions from the said list as the Association shall reasonably request.

2. Contracts for road construction will be on a unit price basis. For the purposes of bidding, the road works will be divided into two bidding lots to be tendered simultaneously, either singly or in combination, one lot comprising the road sections specified in Part A (a) and (b) of the Project and the other, those specified in Part A (c) and (d) thereof.

3. Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification or addition to the bidding documents shall require the Association's concurrence before it is issued to the prospective

bidders. A period of at least 60 days will be allowed for submission of bids. Bids will be accompanied by a bid bond or bank guarantee amounting to 3% of the bid amount.

4. The bidding documents shall make adequate provisions, *inter alia*, for the following:

(a) The successful bidder shall be required to furnish at their option, either a performance bond of 100% of the contract price or a bank guarantee by an acceptable financial institution in an amount of 10% of this price, which guarantee or bond shall remain in effect until the works specified in the contract are completed.

(b) The contract with the successful bidder shall contain the following provisions:

- (i) the contract shall provide for retention monies of 10% of the cost of works stated in each monthly invoice until 50% of total contract payments have been made, after which the retention deductions may be reduced or eliminated at the discretion of the Borrower. Any amount of retention monies in excess of 5% of the total cost of contract shall be released after provisional acceptance of the works. The balance of the retention monies shall be retained until fourteen days after termination of the contractor's responsibility in respect of defects;
- (ii) at any time during the construction or warranty periods the contractor shall have the option of substituting a bank guarantee satisfactory to the Borrower and the Association for such retention in which case the retention money shall be released to him; and
- (iii) the warranty period during which the contractor remains responsible in respect of defects in the works (fair wear and tear excepted) shall extend for one year after acceptance of the work.

5. After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report by the Borrower's consultants on the evaluation and comparison of the bids received, together with the recommendations for award of said consultants, and the reasons for the intended award. The Association shall promptly inform the Borrower whether it has any objection to the intended award and shall state the reasons for any objection it may have.

6. If the contract shall be awarded over the Association's objection or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditures thereunder shall be financed out of the proceeds of the Credit.

7. Two copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawals of funds from the Credit Account in respect of any such contract.

SCHEDULE 4

GENERAL DESIGN STANDARDS

Characteristics	Unit	Urban Areas	Rural Areas	Type of Surface
<i>Geometric Design Standards</i>				
Speed	mph	30	50	n.a.
Pavement — width	ft	22	20-22*	n.a.
Shoulders — width	do	6-8	4-6**	n.a.
Minimum radius of curvature	do	760	760	n.a.

<i>Characteristics</i>		<i>Urban Areas</i>	<i>Rural Areas</i>	<i>Type of Surface</i>
<i>Geometric Design Standards</i>				
Stopping sight distance	do	350	350	n.a.
Right-of-way — width	do	80	130***	n.a.
<i>Structural Design Features</i>				
Maximum axle-load	lbs		18,000	n.a.
Bridge loading	n.a.		AASHO H20	n.a.
<i>Pavement Surface</i>				
West Coast Road	n.a.	n.a.	n.a.	Asphalt concrete
West Bank Road	n.a.	n.a.	n.a.	Bituminous double surface treatment
Canal Roads	n.a.	n.a.	n.a.	Bituminous double surface treatment

* 20 ft on sections on Canal Roads for present traffic under 300 vpd.

** Width of shoulders varies according to traffic and anticipated degree of slow moving traffic and pedestrians.

*** Due to location of adjoining canals, the right-of-way width will be reduced for the Canal Roads.

Note : n.a. means not applicable.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]