

No. 24895

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**CANADA
and
BARBADOS**

**Development Loan Agreement (with annexes). Signed at
Bridgetown on 12 January 1981**

Authentic text: English.

Registered by Canada on 16 July 1987.

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**CANADA
et
BARBADE**

**Accord de prêt de développement (avec annexes). Signé à
Bridgetown le 12 janvier 1981**

Texte authentique : anglais.

Enregistré par le Canada le 16 juillet 1987.

DEVELOPMENT LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF BARBADOS

This Agreement made in duplicate the 12th day of January, 1981 between the Government of Barbados (hereinafter called “Barbados”) and the Government of Canada (hereinafter called “Canada”, acting through the Canadian International Development Agency.

Whereas Barbados wishes to purchase certain materials, and equipment in Canada for the construction of water supply systems 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 I. THE LOAN

Section 1.01. Canada shall make available to Barbados on the terms and conditions hereinafter set forth a Loan in an amount not to exceed six million five hundred thousand Canadian dollars (6,500,000.00).

Section 1.02. Canada shall open on its books a Loan Account in the name of Barbados 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 provisions of this Agreement.

Section 1.03. Barbados will pay interest at the rate of three (3%) per cent per annum on the amount of the Loan drawn by Barbados and outstanding.

Section 1.04. Repayment of the principal amount of the Loan shall be made in forty-five (45) semi-annual installments of \$141,304.34 and the final payment of \$141,304.70 due and payable on the last day of March and September in each year commencing on September 30, 1988 and ending on March 31, 2011.

Section 1.05. Payment of the interest shall be made in semi-annual installments due and payable on March 31 and September 30, in each year commencing from the first withdrawal of principal.

Section 1.06. All payments and repayments as set forth in Article [I] herein shall be applied first to the payment of any accrued interest and then to the repayment of the principal amount.

Section 1.07. Barbados shall have the right to prepay principal, in whole or in part, on any date without Notice to Canada. The amount of any such prepayment shall be applied first to the payment of any accrued interest and then to the installments of principal then remaining payable in the reverse order of their maturity.

Section 1.08. All payments and repayments as set forth herein shall be made by Barbados in Canadian dollars to the Receiver General of Canada, and

¹ Came into force on 12 January 1981, upon the enactment of a Development Act, 1981, by the Parliament of Barbados, in accordance with section 8.01.

shall be deemed to have been paid when received by the Receiver General of Canada.

Section 1.09. The principal of, and all interest on, the Loan shall be paid without any deductions whatsoever and more particularly shall be free from any taxes, charges or other restrictions imposed under the Laws of Barbados and those in effect in its territories or administrative, political or judicial divisions or subdivisions.

Section 1.10. Barbados agrees that it will negotiate, at the request of Canada, concerning acceleration of payments to the Receiver General of Canada to be made under this Agreement at any time after six (6) months before the first payment of principal becomes due and payable. Barbados and Canada shall mutually determine whether such an acceleration should take place on the basis of the capacity of Barbados to service a more rapid liquidation of its obligation in the light of its internal and external financial and economic position.

Section 1.11. Statements of disbursements will be prepared by Canada, and forwarded to Barbados at three monthly intervals.

Article II. USE OF THE LOAN

Section 2.01. Except as may otherwise be specifically agreed to by Canada the proceeds of the Loan shall be used by Barbados exclusively for the purchase of services, materials and equipment required to carry out the project and the procedures for their procurement and payment shall be those set forth in Annexes "A" and "B", both Annexes being subject to such modification as may be agreed upon between Canada and Barbados.

Section 2.02. Services, materials and equipment to be financed from the proceeds of the Loan shall be used exclusively to carry out the project and 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 (66 $\frac{2}{3}$) per cent unless otherwise agreed to by Canada.

Section 2.03. Services, materials 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 Barbados to meet the costs of any taxes, fees or customs duties imposed directly or indirectly by Barbados on any services, materials or equipment required for the project.

Section 2.05. In the event an insurance claim is made for loss and/or damage in shipment of materials and equipment, any resultant settlement made by the insurer must be made payable to the Receiver General of Canada. Such funds will then be credited to the Loan and may be used to replace those items so damaged and/or lost in shipment.

Article III. WITHDRAWALS OF PROCEEDS OF LOAN

Section 3.01. Withdrawals shall be deemed to occur on the dates on which payments are made by Canada to the designated agent, or to a supplier or a banking institution in respect of goods or services for the project.

Section 3.02. Subject to the conditions and limitations herein set forth, Barbados shall be entitled to withdrawals from the Loan Account in such amounts

as are required to meet the reasonable costs of the services, materials and equipment eligible for financing as the costs become due and payable.

Section 3.03. Barbados will designate, with Canadian approval, its agent for the procurement of all services, materials and equipment. All such purchases will be made in accordance with Canadian Government Contract Regulations. Barbados or its agent shall provide Canada with a copy of each contract or purchase order for approval of all procurement of services, materials or equipment for which any withdrawal is to be made.

Section 3.04. Withdrawals from the Loan Account may be made on instruction from Barbados or its designated agent in favour of such persons or agencies as may be designated by Barbados or its agent and agreed to by Canada.

Section 3.05. In each calendar month Barbados or its designated agent shall submit to Canada for approval one (1) Application for Withdrawal of such amounts as shall be paid by Canada during that month, unless otherwise agreed to by Canada.

Section 3.06. Barbados or its designated agent shall furnish or cause to be furnished to Canada such documents and other evidence in support of its Application for Withdrawals or direct payments 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 purposes of the Project.

Article IV. CANCELLATION AND SUSPENSION

Section 4.01. Barbados may, by sixty (60) days' written Notice to Canada, cancel all or any part of the Loan not withdrawn by Barbados 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 Barbados 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 Barbados 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 Barbados in the performance of any undertakings under this Agreement;
- (c) Any extraordinary situation which renders it impossible for Barbados to perform its obligations under this Agreement.

Section 4.03. If the full amount of the Loan is not committed by Barbados by September 30, 1985 the balance may be cancelled by sixty (60) days' written Notice from Canada and the final installment or installments of the repayments to be made shall be reduced accordingly.

Article V. GENERAL UNDERTAKINGS

Section 5.01. Barbados shall ensure that the Project is 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 Barbados shall co-operate fully to ensure that the Project will be accomplished and each shall furnish to the other all such

information as shall reasonably be requested with regard to its general status. Barbados 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. Barbados shall afford accredited representatives of Canada all reasonable opportunities to visit any part of the territories of Barbados for purposes related to the Project and this Loan Agreement.

Section 5.04. This Agreement and any Annex hereto shall be free from any taxes, fees or other charges that may be imposed under the Laws of Barbados 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 Barbados and Canada, that the Articles of this Agreement and Annexes "A", "B" and "C" hereto all form an integral part of the present Agreement.

Section 5.06. Barbados shall at all times provide or cause to be provided as needed all other monies and resources which may be required to carry out the Project.

Section 5.07. For the purposes of this Agreement and Annexes hereto Barbados shall include any agent or agents authorized by and on behalf of Barbados with regard to its rights, duties and obligations herein.

Article VI. COMMUNICATIONS

Section 6.01. Any communication or document given, made or sent by either Barbados or Canada pursuant to this Agreement or any Annex hereto 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 Barbados:

Mail Address:

Ministry of Finance and Planning
Bridgetown, Barbados

Cable Address:

FINANCE BARBADOS

For Canada:

Mail Address:

Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec
Canada

Cable Address:

CIDA/HULL

Section 6.02. Any one of the parties hereto may, by 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 submitted to Canada shall be in either the English or French language and all technical and engineering specifications therein shall be in terms of Canadian standards except where Canada may agree otherwise in writing.

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 Barbados and Canada.

Article VIII. EFFECTIVE DATE

Section 8.01. This Agreement shall become effective upon the enactment of a Development (Canadian Loan) (Water Development) (Amendment) Act, 1981, by the Parliament of Barbados.

IN WITNESS WHEREOF, the parties hereto have caused to be subscribed the signatures of their authorized representatives at the city of Bridgetown, Barbados, the day and year first above written.

Signed on behalf
of the Government of Canada:

[*Illegible*]

Signed on behalf
of the Government of Barbados:

J. M. G. ADAMS

ANNEX A

PURPOSE AND USE OF THE LOAN

Purpose

1. The Project shall consist of general improvement of water supplies to various parts of Barbados and is a continuation of an overall development program, as outlined in the "Report on Comprehensive Proposals for the Development and Distribution of Public Water Supplies of Barbados", and more specifically as outlined in attachment to Barbados Ministry of Finance and Planning — December 19, 1978 letter No. C26/1919/78, covering: (1) West Coast System, (2) Alleyndale System, (3) Shop Hill/Bowmanston System.

2. Design for the Project shall be undertaken by the Barbados Water Works Department (BWWD) and the construction done by local labour under Barbadian direction. The supply of equipment and materials from Canada shall include: pipe and fittings, electrical/mechanical equipment (switch gear), steel tanks, spares and miscellaneous items (including reinforcing steel for reservoir, construction meters, radio communicating sets).

Quantities, specifications and standards are to be provided by Barbados.

3. The list may be revised by mutual consent, provided the total cost of the services, materials, equipment, ocean freight and insurance financed under this Agreement does not exceed \$6,500,000.00 Canadian.

Use of Loan Funds

1. The funds provided under this Agreement shall be used to pay the following costs as herein provided:

Pipe and fittings	Cdn \$3,380,100
Mechanical, electrical equipment and spares	310,000
Reinforcing rod and structural steel	96,000
Water tanks	196,600
Procurement and inspection costs	270,000
Contingencies	850,000
Shipping charges	801,000
Inflation	596,300
TOTAL:	Cdn \$6,500,000

ANNEX B

PROCUREMENT OF MATERIAL AND EQUIPMENT

The following conditions which are part of the agreement relating to the Loan between Barbados and Canada must be observed by the Purchasing Agent.

1. The Loan of six million five hundred thousand Canadian dollars (\$6,500,000) shall be used exclusively to finance the cost of purchases of goods required by Barbados in its development priorities and duly authorized by CIDA.

2. It is agreed that the proceeds of the Loan can be used to finance the costs of marine shipment and insurance of the goods mentioned above from the Canadian port of exit to the port of landing in Barbados.

3. It is agreed that the goods and services to be financed from the proceeds of the Loan shall be procured in Canada and the total of all transactions thus financed, excluding

freight and insurance costs, shall have a Canadian content of not less than sixty-six and two thirds per cent (66 $\frac{2}{3}$ %).

4. It is agreed that the proceeds of the Loan may not be used for purchase of:

- (a) Machinery, equipment or other goods specifically excluded by Canadian export regulations;
- (b) Arms, armaments, firearms, ammunition, nor any equipment, machinery or materials that could be used for the production of said items;
- (c) Machinery, equipment or materials intended directly or indirectly for production or utilization of atomic energy or its applications or for development of nuclear, atomic arms;
- (d) Foodstuffs; or
- (e) Luxury items that cannot be considered essential to development.

5. The Purchasing Agent shall send to CIDA, each call for tender or request for price confirmation and the list of the Canadian suppliers invited to submit a quotation.

6. The Purchasing Agent shall ensure that all invitations for tender and requests for price confirmation contain all necessary information on the goods and services sought, including description, technical specifications, terms of delivery and any other details which may affect the price. The information shall be given in accordance with Canadian standards.

7. The Purchasing Agent shall instruct the Canadian suppliers invited to submit a quotation:

- (a) To send a copy of their quotation to CIDA;
- (b) To include with the copy of their quotation for CIDA, Canadian content declaration duly completed. This Canadian content declaration shall not be sent to the Purchasing Agent who will be provided with the information contained in item seven (7) of the said declaration.
- (c) To add the following paragraph to the text of their quotation: "We certify that the goods ordered hereby, are for export. The prices quoted do not include sales tax, refundable Customs Duty or Excise Tax paid on the goods or on parts, and components incorporated in the goods. The goods are covered by Canadian International Development Agency Project Number 176/08001."
- (d) To indicate their prices either CIF Barbados port of entry or any location within Canada as specified.

8. The Purchasing Agent shall ensure that the lowest tender is accepted provided specifications and other conditions are met. CIDA and BWWD approval will be obtained before awarding of any purchase contract. The project team leader and the [principal] resource officer of CIDA or their appointed alternates will be present at the opening of tender calls.

9. The Purchasing Agent shall be responsible for all details concerning sea shipment and marine insurance with the forwarding company if applicable.

10. Upon receipt of the purchase contract sent by Purchasing Agent, CIDA shall send a confirmation of purchase order provided that the transaction has received prior approval from CIDA. The purchase order confirmation shall state that CIDA will make direct payments to Canadian suppliers upon receipt of duly certified invoices (in 3 copies) accompanied by copies of a non-negotiable bill of lading and any other documents, which may be considered necessary to ensure that the goods and services supplied meet specifications and other conditions set down in the purchase order issued by the Purchasing Agent.

11. CIDA will make payment on behalf of BWWD in accordance with the terms and conditions of the purchase contract or purchase order.

12. In the case where the services of a forwarding company are utilized, the invoices relating to the services shall be certified by a duly authorized official of BWWD before being sent to CIDA for payment. The invoices shall be supported by a non-negotiable bill of lading detailing the transportation costs and a copy of the insurance certificate.

13. In the case where it becomes necessary to negotiate advance or progress payment with the Canadian suppliers, CIDA will effect payment according to the terms and conditions of the purchase contract provided prior approval from CIDA was obtained.

14. The Purchasing Agent will be responsible for the preparation and presentation of claims for incomplete deliveries, lost or damaged goods during the course of transportation.

ANNEX C

RESPONSIBILITIES OF THE GOVERNMENT OF BARBADOS

Ministry of Finance and Planning

- Coordination and implementation of the responsibilities of Barbados and provision of clearances, comments and approvals needed for implementation of the project.

Ministry of Communications and Works

- Continued commitment to the plans, goals and objectives of the 20-year water development program of 1968, and as updated in 1978.
- Provide local funds for all aspects of the project other than CIDA funded materials and shipment, from accepting materials dockside Barbados to completion of installation and construction.
- Receive all materials on a tax and duty free basis and transfer all materials to site or to any other place for safe storage until required.
- Utilize materials presently in their possession, where needed, on this program and provide local costs estimated at \$6,090,000.00 Canadian.

Barbados Water Works Department

- Prepare a project description stating objectives, purposes, goals, and benefits, and provide a detailed description of each portion of the work to be performed with cash flow expectations.
- Prepare the detailed design engineering requirements, estimates, quantity lists and specifications for all components of the project and advise on scheduling of purchases and shipment of materials.
- Manage, direct, construct and schedule all components of the project using local staff and resources under Barbadian supervision.
- Prepare quarterly reports on progress achieved and forecast; local and foreign currency expenditures, materials received, in stock, and used on project, and manpower utilized.
- Arrange tenders, purchases, shipments of materials through CIDA approved purchasing agency, in accordance with CIDA approved procedures.
- Assist with CIDA sponsored progress reports, evaluations and end of project reports.