

CONFORMED COPY

CREDIT NUMBER 2169-0 GUA

Development Credit Agreement

(Third Technical Assistance Project)

between

GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 1990

CREDIT NUMBER 2169-0 GUA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 13, 1990, between GUYANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing 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 set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Condi-

tions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "CDB" means the Caribbean Development Bank;
- (b) "DMFI" means the Division of Multilateral Financial Institutions in the MOF;
- (c) "DSI" means the Department of Social Infrastructure in the SPS;
- (d) "Executing Entities" means MOF, MOTT, MCA, SB, Bank of Guyana, PCS and SPS;
- (e) "MCA" means the Monitoring and Coordinating Agency in the MOF;
- (f) "MCSO" means the Ministry of Culture and Social Development of the Borrower;
- (g) "MOF" means the Ministry of Finance of the Borrower;
- (h) "MOTT" means the Ministry of Trade and Tourism of the Borrower;
- (i) "PCS" means the Public Corporations Secretariat of the Borrower;
- (j) "PSIP" means the Public Sector Investment Program of the Borrower;
- (k) "SB" means the Statistical Bureau of the Borrower;
- (l) "SIMAP" means the Social Impact Amelioration Program of the Borrower;
- (m) "SPS" means the State Planning Secretariat of the Borrower; and
- (n) "Second Structural Adjustment Development Credit Agreement" or "SAC" means the agreement of even date herewith between the Borrower and the Association for Credit 2168-0 GUA (Second Structural Adjustment Credit), as such agreement may be amended from time to time.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to two million three hundred thousand Special Drawing Rights (SDR 2,300,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement 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 described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be June 30, 1996, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association

a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 15 and September 15 commencing on September 15, 2000 and ending on March 15, 2030. Each installment to and including the installment payable on March 15, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by then of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project, under the general coordination of MCA through the Executing Entities listed in the Annex to Schedule 2 to this Agreement, with due diligence and efficiency and in conformity with appropriate management, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall: (i) carry out all studies included in the Project under terms of reference satisfactory to the Association, which, unless the Borrower and the Association shall otherwise agree, shall include the preparation of specific programs or plans of action to meet the objectives of the Project; (ii) promptly after the completion of each such study, furnish to the Association a copy of its findings and recommendations; (iii) afford the Association a reasonable opportunity to comment on such findings and recommendations and on any plans or programs included therein; (iv) taking into account the Association's comments thereon, prepare programs or plans of action, satisfactory to the Association, to carry out the recommendations of each of such studies; and (v) carry out such programs or plans in a manner and according to a timetable satisfactory to the Association.

(c) Without limitation to the provisions of this Section, the Borrower shall, through the Executing Entities: (i) provide, promptly as needed, adequate facilities and qualified staff in adequate numbers as counterparts for the consultants to be employed under the Project; and (ii) make arrangements, satisfactory to the Association, to provide an adequate follow-up to the recommendations of such consultants.

(d) Without limitation upon the provisions of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. The Borrower shall, through MCA, coordinate and monitor the progress of Project implementation and, without limitation or restriction to the provisions of Section 9.07 of the General Conditions, submit to the Bank: (a) quarterly reports on such progress beginning three months after the Effective Date; and (b) annual Project evaluation reports no later than March 30 of each year for the preceding calendar year, such reports to be of such scope and detail as the Association shall reasonably request.

Section 3.03. (a) Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit, shall be governed by the provisions of Schedule 3 to this Agreement.

(b) The Borrower shall enter into contractual arrangements, satisfactory to the Association, with an agent or agents acceptable to the Association, for handling: (i) the procurement of goods to be financed with the proceeds of the credits provided under the SAC and this Agreement; and (ii) the contracting of consultants to be employed under the Project.

(c) The Borrower shall exercise its rights under the contractual arrangements referred to in paragraph (b) of this Section, in such a manner so as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive such

contractual arrangements or any provision thereof.

Section 3.04. In the carrying out of the training programs included under the Project, the Borrower shall:

(a) furnish to the Association for approval, the content of each of such programs as well as the schedule for its implementation;

(b) select the beneficiaries of such training programs in accordance with criteria satisfactory to the Association; and

(c) not later than September 30 of each year, exchange views with the Association on the training programs to be carried out in the following calendar year.

Section 3.05. (a) without limitation to the provisions of the General Conditions and of Section 3.02 of this Agreement, the Borrower and the Association agree to undertake, at the request of either party, at a date not later than the first anniversary of the Effective Date, and approximately every nine months thereafter, a review of the performance of the Borrower and each Executing Entity in respect of the execution of the Project, pursuant to the provisions of this Agreement.

(b) During each such review, the Borrower and the Association shall exchange views on whether there are any shortfalls in respect of such performance and which remedial actions may be required to overcome such shortfalls, if any.

(c) The Borrower shall take, or cause to be taken, in terms satisfactory to the Association, any remedial action that may have been determined by the Association, as necessary or appropriate during the exchange of views referred to in paragraph (b) of this Section.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of

expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01 Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely that the Borrower shall have failed to make payment of principal, interest, service charge or any other amount due to CDB, or the Association as assignee thereof, under a loan or credit from CDB, the proceeds of which were originally provided to CDB by the Association or the International Bank for Reconstruction and Development.

Section 5.02 Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the event specified in Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that all conditions precedent to the effectiveness of the Second Structural Adjustment Development Credit Agreement shall have been fulfilled, other than those related to the effectiveness of this Development Credit Agreement.

Section 6.02. The date October 15, 1990 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

80% of local
expenditures

TOTAL 2,300,000
=====

2. For the purposes of this Schedule: I

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

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

(a) prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 115,000, may be made on account of payments made for expenditures before that date but after September 1, 1989; and

(b) of vehicles under Parts A, C and E of the Project, respectively, unless consultants in numbers acceptable to the Association, shall have been employed to assist the Borrower in the execution of such Part of the Project.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in implementing its medium-term adjustment program, improving its macroeconomic management capacity and strengthening the Borrower's capacity to analyze the social costs of adjustment and the efficiency of social sector programs.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Improving the Incentive Framework

1. Carrying out of a study to identify the deficiencies in the application and administration of consumption taxes and make recommendations to address such deficiencies.

2. Acquisition and utilization of a vehicle.

Part B: Public Sector Reform

1. Strengthening the capacities of PCS and SPS to monitor the financial and operational performance of public enterprises, including training of the staff of PCS and SPS.

2. Acquisition and utilization of equipment and supplies, including computers and software, for this part of the Project.

Part C: Improving Public Sector Investment

1. Services of consultants to assist SPS in formulating and monitoring the PSIP and assuring its consistency in terms of size and composition in relation to the Borrower's macroeconomic framework and objectives and available funding, including training of the staff of SPS in, inter alia, project evaluation and

management and resource management.

2. Services of consultants to assist DMFI, the Bank of Guyana and MOTT, in coordinating and facilitating the procurement and disbursement of external funds, including training of the staff of DMFI, the Bank of Guyana and MOTT, in, inter alia, international procurement of goods and disbursement procedures.

3. Acquisition and utilization of a vehicle, equipment and supplies, including computers and software, for purposes of this part of the Project.

Part D: Social Sector Reform

1. Services of consultants to assist DSI and MCS D in analyzing the distributional effects of the Borrower's adjustment program and developing procedures for assessing the efficiency of social sector projects, including those of the SIMAP in correctly identifying target population.

2. Training of the staff of DSI and MCS D.

3. Acquisition and utilization of equipment and supplies, including computers and software, for purposes of this part of the Project.

Part E: Improving Macroeconomic Management

1. Services of consultants to assist MCA in coordinating and implementing the Borrower's adjustment program and improving its analytical and management capacity, including training of the staff of MCA.

2. Acquisition and utilization of a vehicle, equipment and supplies, including computers and software, to assist MCA in its functions and to assist SB in macroeconomic data processing.

* * * *

The Project is expected to be completed by December 31, 1995.

ANNEX TO SCHEDULE 2

Entities Executing the Project

Part of the Project	Executing Entity
Part A	MOF/MCA
Part B	SPS/PCS
Part C	MOF/MOTT/SPS/ BAND OF GUYANA/DMFI
Part D	SPS/MCSD
Part E.1	MOF/MCA
Part E.2	MCA/SB/SPS

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent

with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits n published by the Bank in May 1985 (the Guidelines).

Part B: Other Procurement Procedures

1. Limited International Bidding:

Goods estimated to cost the equivalent of \$150,000 or less, per contract, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the Guidelines and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Shopping:

Goods estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part C: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) with respect to each contract to be awarded under Part A and the first two contracts to be awarded under Part B.1, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply; and

(B) with respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be Satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

1. The Borrower shall not later than three months after the Effective Date:

- (i) employ a macroeconomic consultant acceptable to the Association and place purchase orders in terms satisfactory to the Association, for the equipment required to carry out Part E.1 of the Project;
- (ii) employ qualified consultants acceptable to the Association in adequate numbers, for purposes of Part B.1 of the Project;
- (iii) employ qualified consultants acceptable to the Association in adequate numbers, for purposes

of Parts C.1 and C.2 of the Project; and

- (iv) place purchase orders in terms satisfactory to the Association, for purposes of Parts B.2 and C.3 of the Project.

2. The Borrower shall not later than six months after the Effective Date: (i) employ consultants satisfactory to the Association in adequate numbers, for purposes of Part A.1 of the Project; and (ii) take delivery of the equipment required for Part E.2 of the Project.

3. The Borrower shall employ consultants satisfactory to the Association in adequate numbers, not later than twelve months after the Effective Date for purposes of Part D of the Project.

4. The Borrower shall complete the study included under Part A of the Project, not later than twelve months after the Effective Date.

5. The Borrower shall complete the studies included under Part D of the Project within twelve months from the date of employment of the consultants referred to in paragraph 3 of this Schedule.

6. The Borrower shall complete the activities included under Part B.1, Parts C.1 and C.2 and Part D.2 of the Project within three years from the date of employment of the consultants referred to in paragraphs 1 (ii), 1 (iii) and 3 of this Schedule, respectively.

