

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

---

---

CREDIT NUMBER 5966-GY

## Financing Agreement

(Guyana Payments System Project)

between

CO-OPERATIVE REPUBLIC OF GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *June 22*, 201*7*

---

---

**FINANCING AGREEMENT**

AGREEMENT dated June 22, 2017, entered into between CO-OPERATIVE REPUBLIC OF GUYANA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to four million five hundred thousand Special Drawing Rights (SDR 4,500,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are June 1 and December 1 in each year.

- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by BoG in accordance with the provisions of Article IV of the General Conditions and the Subsidiary Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) The BoG's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the BoG to perform any of its obligations under the Subsidiary Agreement.
  - (b) BoG has failed to comply with any of its obligations under the Subsidiary Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Subsidiary Agreement has been executed between the Recipient and the BoG.
  - (b) The Operations Manual has been adopted by BoG in a manner and with contents acceptable to the Association.

- (c) The PIU has been established as set forth in Section I.A.1 of Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and BoG and is legally binding upon the Recipient and the BoG in accordance with its terms.
- 5.03. The Effectiveness Deadline is ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its Minister of Finance

6.02. The Recipient's Address is:

Ministry of Finance  
49 Main and Urquhart Streets  
Georgetown  
Cooperative Republic of Guyana

Facsimile: (592) 226-1284

6.03. The Association's Address is:

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

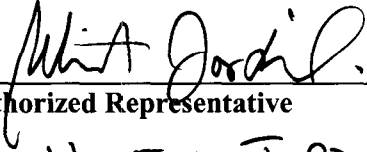
Telex:            Facsimile:

248423 (MCI) 1-202-477-6391

AGREED at Georgetown, Co-operative Republic of Guyana, as of the day  
and year first above written.


**CO-OPERATIVE REPUBLIC OF GUYANA**

By

  
\_\_\_\_\_  
Authorized Representative  
Name: WINSTON JORDAN  
Title: MINISTER OF FINANCE

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

  
\_\_\_\_\_  
Authorized Representative  
Name: PIERRE NADJI  
Title: SENIOR COUNTRY OFFICER

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the Recipient's national payments system by enhancing safety and efficiency of payments.

The Project consists of the following parts:

#### Part 1. Developing the Payments System Infrastructure

- (a) Acquisition of hardware and software required by the Recipient: (i) to provide interbank clearing and settlement services for electronic payments, including hardware and software required for the real time gross settlement system and the central securities depository, for, *inter alia*, the BoG, the MoF, the GRA, the NIF and other relevant entities of the Recipient; and (ii) to provide connectivity among, *inter alia*, the BoG, the MoF, the GRA, the NIF, other relevant entities of the Recipient, and private sector financial entities.
- (b) Carrying out of an information security audit of the payments systems technical infrastructure before it becomes fully operational.

#### Part 2. Capacity Building of the BoG

Carrying out capacity building activities for BoG staff in technical areas required for the operation and management of the payments system infrastructure, including, *inter alia*: (a) the provision of operational and technical advisory support to the PIU for the development of the real time gross settlement system and the central securities depository; (b) the provision of technical advice on electronic payments; (c) the carrying out of peer study tours for the PIU; and (d) the carrying out of training activities for BoG staff on, *inter alia*, information technology security, database administration and systems management.

#### Part 3. Project Implementation Unit

Provision of support to the PIU for Project implementation efforts, through: (a) the recruitment and training of the PIU team members including specialists responsible for procurement procedures, financial management, information technology, and the overall execution of the Project; (b) the acquisition of equipment and furniture for the PIU; (c) the carrying out of monitoring and evaluation activities; (d) the carrying out of Project dissemination activities; and (e) the carrying out of the Project's financial audits.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall cause BoG to establish, and thereafter operate and maintain throughout Project implementation, a Project Implementation Unit (the "PIU") with staff, functions and responsibilities acceptable to the Association, and as set forth in the Operational Manual.
2. Prior to carrying out any activities under Part 1 of the Project, the Recipient shall cause BoG to establish, and thereafter operate and maintain throughout the implementation of the Project, a committee (the Technical Committee), with functions, responsibilities and composition, including representatives of GRA, NIF and MoF, all acceptable to the Association and as set forth in the Operations Manual.

##### B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the BoG under a subsidiary agreement between the Recipient and BoG, under terms and conditions approved by the Association, which shall include the obligation to carry out the Project in accordance with the pertinent provisions of this Agreement ("Subsidiary Agreement").
2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

##### C. Operations Manual

1. The Recipient shall cause BoG to adopt and carry out the Project in accordance with the provisions of a manual (the Operations Manual) acceptable to the Association, which shall include, *inter alia*: (a) a detailed description of Project activities and institutional arrangements for the Project; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (c) the monitoring indicators for the Project; and (d) the institutional and administrative mechanisms established to ensure inter-institutional coordination.

2. Except as the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

**D. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association, and set forth in the Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association no later than forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Association.
3. The Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured



in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and the Disbursement Letter, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services and Training for Part 1 of the Project.	3,210,000	100%
(2) Goods, non-consulting services, consulting services and Training under Part 2 of the Project.	1,040,000	100%
(3) Goods, non-consulting services, consulting services, Training and Operating Costs under Part 3 of the Project.	250,000	100%
<b>TOTAL AMOUNT</b>	<b>4,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 900,000 may be made for payments made prior to this date but on or after March 1, 2017, for Eligible Expenditures but in no case more than 12 months before the date of this Agreement.

2. The Closing Date is March 31, 2021.
3. Notwithstanding the provisions of Section I(ii) of the Disbursement Letter, the Financing disbursing period ends on the final date established by the Association in the Disbursement Letter for receipt by the Association of applications for withdrawal and supporting documentation for payments made or payments due for Eligible Expenditures incurred prior to the Closing Date (the "Disbursement Deadline Date"). As determined by the Association, the Disbursement Deadline Date may be the same as the Closing Date (as referred to in Section IV.B.2 above) or up to four months after the Closing Date.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 1 and December 1:	
commencing on June 1, 2022 to and including December 1, 2031	<b>1.65%</b>
commencing on June 1, 2032 to and including December 1, 2041	<b>3.35%</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,” dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “BoG” means Bank of Guyana, the central bank of the Recipient created pursuant to the BoG Legislation.
3. “BoG Legislation” means the Bank of Guyana Act 1998, as amended to the date of this Agreement.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Dollar,” “\$” and “USD” each means the lawful currency of the United States of America.
6. “Disbursement Deadline Date” means the final date established by the Association in the Disbursement Letter for receipt by the Association of applications for withdrawal and supporting documentation, as referred to in Section IV.B.3 of Schedule 2 to this Agreement.
7. “Disbursement Letter” means the additional instructions of even date herewith referred to in Section IV.A.1 of Schedule 2 to this Agreement, and the ‘World Bank Disbursement Guidelines for Projects,’ dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants,” dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
9. “GRA” or “Guyana Revenue Authority” means the Recipients’ revenue authority created pursuant to the Revenue Authority Act 1996, as amended to the date of this agreement.
10. “MoF” means the Recipient’s Ministry of Finance.
11. “NIF” or “National Insurance Fund” means the Recipient’s social security institution created pursuant to the National Insurance and Social Security Act of September 29, 1969 (Chapter 36:01), and any successor thereto.

12. “Operating Costs” means reasonable expenditures (none of which would have been incurred absent the Project), for the implementation, coordination and supervision of the Project, including, *inter alia*, travel costs (i.e. accommodation, transportation, travel insurance, and *per diem*); operation and maintenance of office equipment; rental of offices; office supplies; communication and advertising costs; bank charges; utilities costs; vehicle operation, insurance and maintenance costs; printing and publications (electronic and/or paper); translation services; and such other expenditures as may be agreed upon by the Association for the purposes mentioned herein.
13. “Operations Manual” means the manual referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the Association’s prior written approval.
14. “PIU” means the Project Implementation Unit referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 20, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.
16. “Procurement Regulations” means the “World Bank Procurement Regulations for Borrowers under Investment Project Financing,” dated July 1, 2016.
17. “Subsidiary Agreement” means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement.
18. “Technical Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
19. “Training” means expenditures (other than those for consulting services) incurred to finance the reasonable travel costs (i.e. accommodation, transportation, travel insurance and *per diem*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the training activities described in the Project.

**Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
- (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge.”

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge” and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges.”

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).