
Resolution DE-42/04

LOAN CONTRACT No. 1554/SF-GY

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

Project for Moleson Creek – New Amsterdam Road

June 6, 2005

LEGIII/GY-540966-05

LOAN CONTRACT

SPECIAL CONDITIONS

INTRODUCTION

Parties, Purpose, Constituent Elements, and Executing Agency

1. **PARTIES AND PURPOSE OF THE CONTRACT.**

CONTRACT entered into on June 6, 2005, between the CO-OPERATIVE REPUBLIC OF GUYANA (hereinafter referred to as the "Borrower") and the INTER-AMERICAN DEVELOPMENT BANK (hereinafter referred to as the "Bank") to cooperate in the execution of a project (hereinafter referred to as the "Project") comprised of the rehabilitation and improvement of the New Amsterdam – Moleson Creek road. The major aspects of the Project are described in detail in the Annex.

2. **CONSTITUENT ELEMENTS OF THE CONTRACT AND REFERENCE TO THE GENERAL CONDITIONS.**

(a) This Contract consists of these Special Conditions, the General Conditions, and the Annex, which are attached hereto. If any provision of the Special Conditions or the Annex should present any inconsistency or contradiction with the General Conditions, the provisions of the Special Conditions or the Annex shall prevail. In case of inconsistencies or contradictions between the Special Conditions or the Annex, specific rules shall prevail over general rules.

(b) Rules for the application of amortization, interest, credit fee, inspection and supervision and disbursement clauses, as well as other conditions related to project execution, are established in detail in the General Conditions. The General Conditions also include general definitions.

3. **EXECUTING AGENCY**

The parties agree that the execution of the Project and the utilization of the resources of the financing from the Bank shall be carried out by the Borrower, through its Ministry of Public Works & Communications (MPW&C), which for the purposes of this Contract shall be referred to, without distinction, as either the "Borrower" or the "Executing Agency."

CHAPTER I
Costs, Financing and Additional Resources

SECTION 1.01 Cost of the Project. The total cost of the Project is estimated to be the equivalent of forty one million four hundred and fifty thousand dollars of the United States of America (US\$41,450,000). Unless otherwise stated in this Contract, the term "dollars" hereinafter signifies the currency of legal tender in the United States of America.

SECTION 1.02 Amount of the Financing. In accordance with this Contract, the Bank agrees to grant to the Borrower, and the Borrower accepts, a "Financing", chargeable to the resources of the Fund for Special Operations of the Bank, for up to the equivalent of thirty seven million three hundred thousand dollars (US\$37,300,000) or the equivalent thereof in other currencies forming part of such resources. The amounts disbursed from the Financing shall constitute the "Loan."

SECTION 1.03. Additional Resources. The amount of the additional resources which, pursuant to Article 6.04 of the General Conditions, the Borrower shall undertake to contribute in a timely manner for the complete and uninterrupted execution of the Project, is estimated to be the equivalent of four million one hundred and fifty thousand dollars (US\$4,150,000), although this estimate shall not imply any limitation or reduction of the obligation of the Borrower under said Article. To compute the equivalency in dollars, the rules set forth in Article 3.05(b) of the General Conditions shall be followed.

CHAPTER II
Amortization, Interest, General Inspection and Supervision and Credit Fee

SECTION 2.01 Amortization. The Loan shall be completely repaid by the Borrower by means of semiannual, consecutive, and, insofar as possible, equal installments. The first installment shall be paid on the 6th of December of 2015, and the last installment, no later than the 6th of June of 2045.

SECTION 2.02 Interest. (a) The Borrower shall pay interest semiannually on the outstanding daily balance of the Loan at the rate of 1% per annum until the 6th of June of 2015, and 2% per annum thereafter, which shall accrue from the date of each respective disbursement. The first payment shall be made the 6th of December of 2005 and the following on the 6th of June and December of each year;

(b) Resources of the Financing may be used to pay interest during the period of disbursement thereof, without a request from the Borrower and on the dates established in the previous paragraph.

SECTION 2.03 Resources for General Inspection and Supervision. From the amount of the Financing, the sum of three hundred and seventy three thousand dollars (US\$373,000) is hereby allocated to cover the Bank's expenses for general inspection and supervision. Said sum shall be disbursed in quarterly and, insofar as possible, equal installments and shall be credited to the accounts of the Bank without the necessity of a request from the Borrower.

SECTION 2.04 Credit Fee. In addition to interest, the Borrower shall pay a credit fee pursuant to the provisions of Article 3.02 of the General Conditions. For this purpose it is hereby noted that the Board of Executive Directors of the Bank approved the Resolution relating to the Financing on June 16, 2004.

CHAPTER III **Disbursements**

SECTION 3.01 Currency and Use of Funds. (a) The amount of the Financing shall be disbursed in dollars or its equivalent thereof in other currencies of the Fund for Special Operations, except that of the Cooperative Republic of Guyana, to pay for goods and services through international competition and for such other purposes as are indicated in this Contract.

(b) The resources of the Financing may be used only for the payment of goods and services originating in member countries of the Bank.

SECTION 3.02 Special Conditions Prior to First Disbursement of the Financing. In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions, the first disbursement of the Financing shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirements:

- (a) the CTPU is fully staffed (Chief Transport Planning Officer, Transport Planning Officer, Transport Economist and Planning Technician have been hired) with commitments for at least the first year of Project execution;
- (b) the CTPU has prepared a first year work program for land, river and air modes of transportation and has an approved budget that includes the counterpart funds necessary to operate the CTPU for the first year of Project execution;
- (c) the terms of reference for the required studies and/or consultants as detailed in paragraphs 2.05 and 2.07 of the Annex of this Agreement for both the CTPU and WSG have been drafted;

- (d) the WSG is fully staffed (Highway Engineer, contracts/procurement specialist, and Materials Engineer have been hired);
- (e) an external auditing firm of independent public accountants has been hired in accordance with Section 5.02 hereunder, and
- (f) Evidence that the CTPU and WSG have been merged into a single coordinated Unit of the MPW&C.

SECTION 3.03 Other Special Conditions. (a) The final deadline for receiving questions in the bidding process for the civil works should be set at least three weeks after:

- (i) Effective mobilization of the supervision consultant; and
- (ii) Commencement of the review of the bidding documents by the supervision consultant.

(b) The supervision consultant, once on board, shall review the answers produced to previously submitted questions in the bidding process and give concurrence or produce revised answers.

SECTION 3.04 Reimbursement of Expenditures Chargeable to the Financing. With the consent of the Bank, resources of the Financing may be used to reimburse expenditures incurred or to finance those that may be incurred in the Project on or after June 16, 2004, and up to the date of this Contract, provided that requirements substantially similar to those set forth in this Contract have been fulfilled.

SECTION 3.05 Disbursement Period. The period for disbursement of the resources of the Financing shall expire five (5) years from the effective date of this Contract.

SECTION 3.06 Revolving Fund. (a) For the purposes of the provisions established forth in Article 4.07 of the General Conditions, the amount of the revolving fund shall not exceed the 5% of the amount of the Financing.

(b) The reports on the execution of the Project, which the Borrower shall submit to the Bank in accordance with Article 7.03 of the General Conditions, shall include the financial-accounting information about management of the Revolving Fund resources.

CHAPTER IV
Execution of the Project

SECTION 4.01 Procurement of Works and Goods. Works and goods shall be procured in accordance with the provisions set forth in Document GN-2349-4 ("Policies for the procurement of works and goods financed by the IDB"), dated January 19, 2005 (hereinafter called "the Procurement Policies") and the following provisions of this Section:

(a) **International Competitive Bidding:** Except as otherwise provided in subsection (b) of this Section, works and goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Procurement Policies and paragraph 4 of Appendix 1 thereto. The provisions of paragraphs 2.55 and 2.56, and of Appendix 2 of said Policies, regarding the domestic margin of preference when comparing bids, shall apply to goods manufactured in the country of the Borrower.

(b) **Other Procurement Procedures:** The following procurement methods may be used for the procurement of works and goods that the Bank agrees meet the requirements established in the provisions of Section III of the Procurement Policies:

(i) **National Competitive Bidding:** For works estimated to cost less than one million dollars (US\$1,000,000) equivalent per contract and goods estimated to cost less than two hundred and fifty thousand dollars (US\$250,000) equivalent per contract, in accordance with the provisions of paragraphs 3.3 and 3.4 of the Procurement Policies.

(ii) **Other Methods of Procurement:** May also be used in accordance with the provisions set forth in Section III of the Procurement Policies with the approval of the Bank.

(c) **Additional Procurement Requirements.** The Borrower, through the Executing Agency, shall carry out the procurement of works and goods in accordance with the general plans, technical, social and environmental specifications, budgets and other documents required for the acquisition or the construction, and, as the case may be, the specific guidelines and other documents necessary for the call for prequalification or bids; and in the case of works, evidence that it has, prior to initiation of construction, with respect to the real property where the works will be constructed, the right of legal possession, easements or other rights necessary to initiate the construction, as well as the riparian rights required for the respective works.

(d) **Review by the Bank of Procurement Decision**

(i) **Procurement Planning:** Prior to the issuance of any invitations to prequalify or to bid for contracts, the Borrower, through the Executing Agency, shall present the proposed

procurement plan for the Program to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Procurement Policies. This plan shall be updated every six (6) months during Project execution, and submitted to the Bank for its review and approval. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1 of Appendix 1 of the Policies.

(ii) Prior Review: Unless the Bank agrees otherwise in writing, the following contracts shall be subject to prior review, in accordance with the procedures spelled out in paragraphs 2 and 3 of Appendix 1 to the Procurement Policies: with respect to each contract for works estimated to cost the equivalent of one million dollars (US\$1,000,000) or more and goods estimated to cost the equivalent of one hundred thousand dollars (US\$100,000) or more to be procured by means of International Competitive Bidding. The Borrower, through the Executing Agency, shall present, to the satisfaction of the Bank, evidence that it has complied with the requirements set forth in subparagraph (c) of this Clause.

(iii) Ex-Post Review: With respect to each contract not governed by subsection (d)(ii) of this Section, the procedures set forth in paragraph 4 of Appendix 1 to the Procurement Policies shall apply. The Borrower, through the Executing Agency, shall make always available to the Bank, evidence that it has complied with the requirements set forth in subparagraph (c) of this Clause.

SECTION 4.02 Maintenance of Works. The Borrower undertakes to: (a) ensure that the works included in the road project be adequately maintained, according to minimum technical standards determined annually by the Routine Maintenance and Management System (RMMS); and (b) present to the Bank an annual maintenance report for ten (10) years from the effective date of this Contract and within the first quarter of each calendar year, as established in paragraph 5.02 of the Annex. If, from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance does not meet the levels agreed upon, the Borrower shall undertake the necessary measures to correct these shortcomings.

SECTION 4.03 Recognition of Expenses as Local Counterpart. The Bank may recognize as part of the local contribution expenditures incurred or which may be incurred in the Project on or after June 16, 2004, and up to the date of this Contract, provided that procurement requirements substantially similar to those set forth in this Contract have been fulfilled.

SECTION 4.04 Contracting of consulting services. (a) The Borrower shall select and contract the services of consulting firms, specialized agencies or individual experts that may be necessary to fulfill the pertinent provisions of this Contract, in conformity with the Bank's Policies and Procedures for the Procurement of Consulting Services, contained in Document GN-2350-4

("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank") dated January 19, 2005, hereinafter the Consultant Policies. The Executing Agency confirms its familiarity with those provisions of Document GN-2350-4.

(b) For the purposes of this Contract, it is hereby specified that the threshold amount requiring utilization of international public bidding, as a means of selection of consulting services, shall be the equivalent of one hundred thousand dollars (US\$100,000).

(c) For purposes of paragraph 2.7 of Document GN-2350-4, the short list of consultants whose contracts are estimated to be below one hundred thousand dollars (US\$100,000), may be composed in its entirety by national consultants provided the requirements under above cited paragraph 2.7 are met.

(d) Review by the Bank of Procurement Decisions. The Bank shall conduct its review of the procurement process in the following manner:

(i) Procurement Planning: Prior to the issuance of any Request for Proposals, the Borrower, through the Executing Agency, shall present the proposed procurement plan for the Program to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Policies. This plan shall be updated every six (6) months during Project execution, and submitted to the Bank for its review and approval. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1 of Appendix 1 of the Policies.

(ii) Prior Review: Unless the Bank agrees otherwise in writing, the following contracts shall be subject to prior review, in accordance with the procedures spelled out in Appendix 1 to the Consultant Policies: With respect to each contract for consulting services estimated to cost the equivalent of one hundred thousand dollars (US\$100,000) or more and to be procured by means of international request for proposals and/or Quality-and cost- Based Selection, the Borrower, through the Executing Agency, shall present, to the satisfaction of the Bank, evidence that it has complied with the requirements set forth in subparagraph (c) of this Clause.

(iii) Ex-Post Review: With respect to each contract not governed by subsection (d)(ii) of this Section, the procedures set forth in paragraph 4 of Appendix 1 to the Procurement Policies shall apply. The Borrower, through the Executing Agency, shall make always available to the Bank, evidence that it has complied with the requirements set forth in subparagraph (c) of this Clause.

(e) The consultants shall perform their work in accordance with the terms of reference previously agreed upon, for each of them by the Executing Agency and the Bank, on the

understanding that said terms of reference may be adjusted or expanded during the execution of the Program by mutual agreement between the Executing Agency and the Bank.

(f) International consultants shall have to perform their work in an integrated manner with the local professional staff assigned or contracted by the Executing Agency to participate in the execution of the Program, with a view to carrying out technical and operational training of such staff by the conclusion of the work.

SECTION 4.05 Compilation of Data. The Borrower shall present for the Bank's approval:

(a) Within a period of twelve (12) months from the effective date of the Contract: (i) the baseline data pertaining to the Project; and (ii) a description of the procedure that will be followed in compiling and processing the data to be used for the annual comparisons with the initial baseline data to evaluate the results of the execution of the Project.

(b) Beginning one year after the effective date of this Contract and annually thereafter until three years after the date of the last disbursement of the Financing, the annual comparative data referred to in subsection (a) above.

(c) The Borrower shall collect, store and retain all necessary information, indicators and parameters, including annual plans, the mid-term review and final evaluations, to assist the Bank in the preparation of the Project Completion Report and, if it so wishes, to evaluate the impact of this operation in accordance with its Policies on Ex-Post Evaluations.

CHAPTER V **Records, Inspections, and Reports**

SECTION 5.01 Records, Inspections, and Reports. The Borrower agrees to maintain records, permit inspections, and submit reports and financial statements in accordance with the provisions established in Chapter VII of the General Conditions.

SECTION 5.02 Audits. With respect to the provisions of Article 7.03 of the General Conditions, the financial statements of the Project shall be submitted on an annual basis throughout its period of execution, duly certified by a firm of independent public accountants acceptable to the Bank and hired by the Borrower in accordance with Bank Policies and Procedures for the hiring of independent auditing firms.

CHAPTER VI
Miscellaneous Provisions

SECTION 6.01 Entry into Effect. The parties agree that this Contract shall enter into effect on the date of its signature.

SECTION 6.02 Termination. Payment in full of the Loan and of all interest and fees shall terminate this Contract and all obligations arising thereunder.

SECTION 6.03 Validity. The rights and obligations established in this Contract are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

SECTION 6.04 Communications. Any notice, request, or communication from one party to another by virtue of this Contract shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, unless the parties agree otherwise in writing:

For the Borrower:

Mailing address:

Ministry of Finance
Main and Urquhart Streets
Georgetown, Guyana

Facsimile:

(592) 227-3931

For matters related to execution of the Project

Mailing address:

Ministry of Public Works & Communications
Fort Street
Kingston
Georgetown, Guyana

Facsimile:

(592) 225-2689

For the Bank:

Mailing address:

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
U.S.A.

Facsimile:

(202)623-3096

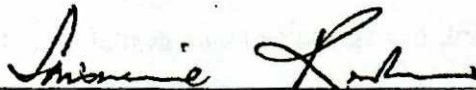
CHAPTER VII
Arbitration

SECTION 7.01 Commitment to Arbitrate. For the solution of any controversy which may arise out of this Contract and which is not resolved by agreement between the parties, they unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Chapter IX of the General Conditions.

IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Contract, in two (2) equally authentic copies in Georgetown, Guyana, on the date above written.

CO-OPERATIVE REPUBLIC OF
GUYANA

INTER-AMERICAN
DEVELOPMENT BANK



Saisnarine Kowlessar
Minister of Finance



Ciro De Falco
Manager
Regional Operations Department 3

PART TWO

GENERAL CONDITIONS

CHAPTER I

Application of the General Conditions

ARTICLE 1.01. Application of the General Conditions. These General Conditions apply to the Loan Contracts entered into by the Inter-American Development Bank with its Borrowers, and accordingly the provisions hereof form an integral part of this Contract.

CHAPTER II

Definitions

ARTICLE 2.01. Definitions. For the purposes of the obligations contracted between the parties, the following definitions are adopted:

- (a) "Bank" means the Inter-American Development Bank.
- (b) "Board" means the Board of Executive Directors of the Bank.
- (c) "Borrower" means the party to which the Financing is made available.
- (d) "Contract" means the entirety of the Special Conditions, the General Conditions and the Annexes.
- (e) "Executing Agency/ Agencies" means the entity/entities responsible for executing all or part of the Project.
- (f) "Financing" means the funds which the Bank has agreed to make available to the Borrower to assist in carrying out the Project.
- (g) "General Conditions" means the entirety of articles which comprise Part Two of this Contract and reflect the basic policies of the Bank uniformly applicable to its Loan Contracts.

- (h) "Guarantor" means the party which guarantees the fulfillment of the obligations contracted by the Borrower and which assumes other obligations for which it is liable in accordance with the Guarantee Contract.
- (i) "Loan" means the funds disbursed from the Financing.
- (j) "Project" means the Program or Project for which the Financing has been extended.
- (k) "Revolving Fund" means a fund that the Bank may establish as provided in Article 4.07 of these General Conditions, for the purpose of advancing resources to defray Project expenses chargeable to the Financing.
- (l) "Semester" means the first or second six months of a calendar year.
- (m) "Special Conditions" means the entirety of the provisions which comprise Part One of this Contract and contain the particular terms of the operation.

CHAPTER III

Amortization, Interest and Credit Fee

ARTICLE 3.01. Dates of Amortization. The Borrower shall amortize the Loan in semi-annual installments on the same dates as those designated in the Special Conditions for payment of interest. The date for the first principal amortization installment shall coincide with the date on which the next immediate interest payment is due, once six months from the scheduled date of the last disbursement have elapsed.

ARTICLE 3.02. Credit Fee. (a) The Borrower shall pay on the undisbursed balance of the Financing which is not in the currency of the Borrower's country a credit fee of 1/2 of 1% per annum, which shall begin to accrue twelve (12) months after the date of the Resolution of the Board of Executive Directors approving the Financing.

(b) This fee shall be paid in United States of America dollars on the same dates as those specified for the payment of interest pursuant to the provisions of the Special Conditions.

(c) This fee shall cease to accrue in full or in part, as the case may be, to the extent that: (i) the respective disbursements have been made; or (ii) the Financing has been canceled totally or partially pursuant to Articles 3.12, 3.13 and 4.02 of these General Conditions and the relevant provisions of the Special Conditions.

ARTICLE 3.03. Computation of Interest and Credit Fee. The interest and credit fee shall be calculated according to the exact number of days in the respective Semester.

ARTICLE 3.04. Obligations Relating to Currencies. (a) Amounts which are disbursed shall be applied, on the date of each respective disbursement, against the Financing in accordance with the equivalency in United States of America dollars as reasonably determined by the Bank, pursuant to the provisions of Article 3.05.

(b) The Borrower shall owe, in the respective currencies disbursed, from the date of the corresponding disbursement:

- (i) The amounts disbursed in any of the currencies which form part of the Fund for Special Operations, in respect of which the Bank has indicated that they may be considered freely convertible; and
- (ii) Amounts equivalent in United States of America dollars to the sums disbursed in currencies not included in the preceding subparagraph (i) which form part of the Fund for Special Operations.

(c) On the due dates, the Borrower shall pay, in the respective currencies disbursed, amortization and interest on:

- (i) The amounts disbursed in the currencies referred to in subparagraph (b)(i) above; and
- (ii) Amounts equivalent in United States of America dollars to the sums disbursed in the currencies referred to in subparagraph (b)(ii) above.

ARTICLE 3.05. Rate of Exchange. (a) For the purposes set forth in paragraph (a) and (b)(i) of the preceding Article, the equivalency of other currencies in relation to the United States of America dollar shall be calculated by applying, on the date on which the disbursement is made, the foreign exchange market rate in effect on that date. For the purposes set forth in paragraphs (a) and (b)(ii) of the preceding Article, the equivalency of other currencies in relation to the United States of America dollar shall be calculated by applying, on the date on which the disbursement is made, the exchange rate agreed upon by the Bank with the respective issuing member country for the purpose of maintaining the value of its currency held by the Bank, in accordance with Article V, Section 3, of the Agreement Establishing the Bank.

(b) For the purposes of payments to the Bank pursuant to paragraph (c)(ii) of the preceding Article:

- (i) The equivalency of other currencies in relation to the United States of America dollar shall be calculated on the date of payment, in accordance with the rate of exchange referred to in paragraph (a) of this Article.
- (ii) Should there be no agreement in force between the Bank and the respective issuing member country with regard to the rate of exchange to be applied for the purpose of maintaining the value of its currency held by the Bank, the latter shall have the right to require that the rate of exchange to be applied shall be that which on the due date is utilized by the corresponding monetary authority of the issuing member country to sell United States of America dollars to residents of such country, other than government agencies, for the following transactions: (a) payments of principal and interest due; (b) transfers of dividends or other income from capital investments in the respective country; and (c) transfers of investment capital.
- (iii) If, on the date on which the payment is due, the foregoing rule cannot be applied because the operations referred to do not exist, payment shall be made on the basis of the most recent rate of exchange in effect within the thirty (30) days preceding the respective due date.
- (iv) If, notwithstanding the application of the foregoing rules, the effective rate of exchange for the purpose of determining payment cannot be ascertained, or if discrepancies arise in the determination thereof, the reasonable determination of the Bank shall prevail, taking into consideration the realities of the foreign exchange market of the issuing country concerned.
- (v) If, due to non-compliance with the foregoing rules, the Bank considers that any payment made in the respective currency has been insufficient, it shall so advise the Borrower immediately in order that the latter shall pay the difference within a period no greater than thirty (30) days from the receipt of the notification. If, on the other hand, it appears that the sum received by the Bank is higher than that due, it shall return the excess amount within a period no greater than thirty (30) days from the receipt thereof.
- (vi) In case of a delayed payment the Bank may require that the rate of exchange in effect at the time of payment be applied.

(c) For the purpose of determining the equivalency in United States of America dollars of an expenditure incurred in the currency of the Borrower's country, the rate of exchange which is applicable on the date of payment of such expenditure shall be utilized, pursuant to paragraph (a) above. To that end, the date of payment of such expenditure shall mean the date on which the

Borrower, the Executing Agency or any natural or juridical person in whom the power to incur expenditures has been vested makes the respective payments to the order of the contractor or supplier.

ARTICLE 3.06. Participations. (a) The Bank may cede to other public or private institutions, in the form of participations, the rights corresponding to the Borrower's pecuniary obligations under this Contract. The Bank shall promptly notify the Borrower of each assignment.

(b) Participations may be granted in respect of either of the following: (i) amounts of the Loan disbursed prior to execution of the participation agreement; or (ii) amounts of the Financing which are still undisbursed at the time of the participation agreement's execution.

ARTICLE 3.07. Place of Payments. All payments shall be made at the principal office of the Bank in Washington, District of Columbia, United States of America, unless the Bank designates another place or places for this purpose by written notification to the Borrower.

ARTICLE 3.08. Transactions Falling Due on Public Holidays. Any payment or other transaction, which pursuant to this Contract should be effected on Saturday, Sunday or a day which is a banking holiday according to the law of the place where it is required to be made, shall be considered validly effected if carried out on the first business day immediately thereafter, and in such case no penalty whatsoever shall apply.

ARTICLE 3.09. Receipts and Promissory Notes. At the request of the Bank, the Borrower shall sign and deliver to the Bank, upon the completion of disbursements, a receipt or receipts for the amounts disbursed. Likewise, the Borrower shall sign and deliver to the Bank, at its request, promissory notes or other negotiable instruments representing the Borrower's obligation to repay the Loan with the interest agreed upon in the Contract. Such documents shall be in the form prescribed by the Bank taking into account the applicable legal provisions of the country of the Borrower.

ARTICLE 3.10. Application of Payments. All payments shall be applied first to returns of unjustified advances of funds, then to fees and interest due on the payment date, and if a balance exists, to the amortization of installments of principal due.

ARTICLE 3.11. Advance Payments. Upon advance notice in writing to the Bank of at least fifteen (15) days, the Borrower may pay, on the date indicated in the notification, any part of the Loan prior to its maturity, provided that no sum is owing in respect of the credit fee and/or interest. Unless otherwise agreed in writing, each partial advance payment shall be applied to unpaid installments of principal in the inverse order of their maturity.

ARTICLE 3.12. Renunciation of Part of the Financing. The Borrower, with the concurrence of the Guarantor, if any, may renounce, by written notice to the Bank, its right to utilize any part of the

Financing which has not been disbursed before the receipt of the notice, provided that such part is not subject to any of the circumstances set forth in Article 5.03 of these General Conditions.

ARTICLE 3.13. Automatic Cancellation of Part of the Financing. Unless the Bank and the Borrower and the Guarantor, if any, expressly agree in writing to extend the term for making disbursements, that portion of the Financing not committed or disbursed, as the case may be, within the corresponding term, shall automatically be canceled.

CHAPTER IV

Conditions Relating to Disbursements

ARTICLE 4.01. Conditions Precedent to First Disbursement. The first disbursement of the Financing shall be subject to fulfillment of the following requirements to the satisfaction of the Bank:

- (a) The Bank shall have received one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower in this Contract, and those of the Guarantor, if any, in the Guarantee Contract, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may reasonably deem relevant.
- (b) The Borrower, directly or through the Executing Agency, if any, shall have designated one or more officials to represent it in all acts relating to the implementation of this Contract and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (c) The Borrower, either directly or through the Executing Agency, if any, shall have demonstrated to the Bank that sufficient resources have been allocated to cover, at least during the first calendar year, the execution of the Project in accordance with the investment schedule referred to in the following paragraph. If this Financing constitutes a continuation of the same lending operation, the earlier stage or stages of which the Bank is financing, the obligation set forth in this paragraph shall not be applicable.
- (d) The Borrower, either directly or through the Executing Agency, if any, shall have presented to the Bank an initial report prepared in the form indicated by the Bank, which shall serve as the basis for the preparation and evaluation of the progress reports

referred to in Article 7.03(a)(i) of these General Conditions. In addition to such other information as the Bank may reasonably request pursuant to the provisions of this Contract, the initial report shall set forth: (i) a plan for implementation of the Project including, except with respect to a program for the granting of credits, the plans and specifications deemed necessary by the Bank; (ii) a calendar or schedule of work or granting of credits, as the case may be; and (iii) a table of the source and use of funds setting forth a detailed schedule of investments in accordance with the categories of investment established in the Annex of this Contract and an indication of the annual contributions needed from the various sources of funds from which the Project will be financed. If this Contract permits the recognition of expenditures made prior to its signature or to that of the Resolution authorizing the Financing, the initial report shall include a statement of the investments and, in accordance with the objectives of the Financing, a description of works carried out under the Project or a statement as to credits granted, as the case may be, up to a date immediately preceding to the report.

- (e) The Borrower or Executing Agency shall have presented to the Bank the plan, catalog or code of accounts referred to in Article 7.01 of these General Conditions.
- (f) The official auditing agency referred to in the Special Conditions shall have agreed to perform the auditing function foreseen in Article 7.03(b) of these General Conditions and in the Special Conditions, or the Borrower or the Executing Agency shall have agreed with the Bank with respect to a firm of independent public accountants to perform the above functions.

ARTICLE 4.02. Period for Fulfilling the Conditions Precedent to First Disbursement. If within one hundred eighty (180) days from the effective date of this Contract, or within such longer period as the parties may agree in writing, the conditions precedent to the first disbursement established in Article 4.01 of these General Conditions and in the Special Conditions have not been fulfilled, the Bank may terminate the Contract by giving notice to the Borrower.

ARTICLE 4.03. Requisites for All Disbursements. For the Bank to make any disbursement, it shall be necessary that: (a) the Borrower, or the Executing Agency, if any, shall have submitted in writing a disbursement request and, in support thereof, shall have supplied to the Bank such pertinent documents and other background materials as the Bank may have required. Requests must be presented no later than thirty (30) calendar days in advance of the date of expiry of the term for disbursement or of any extension thereof which the Borrower and the Bank may have agreed to; (b) none of the circumstances described in Article 5.01 of these General Conditions shall have occurred; and (c) the Guarantor, if any, shall not be in non-compliance for more than one hundred twenty (120) days with any obligation to make payments to the Bank on any Loan or Guarantee.

ARTICLE 4.04. Disbursements for Technical Cooperation. If the Special Conditions contemplate the financing of expenses for technical cooperation, the disbursements therefor may be made once the conditions established in Article 4.01(a) and (b) and in Article 4.03 of these General Conditions have been fulfilled.

ARTICLE 4.05. Charges for the Inspection and Supervision Fee. The Bank shall withdraw from the resources of the Financing and allocate to the Bank's general account the amount or amounts specified in the Special Conditions for inspection and supervision. Such action shall not require a disbursement request by the Borrower or the Executing Agency and may be undertaken once the conditions precedent to the first disbursement have been fulfilled or upon the occurrence of the first payment date for the Credit Fee, whichever occurs first.

ARTICLE 4.06. Disbursement Procedures. The Bank may make disbursements against the Financing: (a) by transferring to the order of the Borrower the sums to which it is entitled under this Contract; (b) by making payments on behalf of and in agreement with the Borrower to other banking institutions; (c) by establishing or replenishing the Revolving Fund referred to in Article 4.07 below; and (d) by utilizing such other method as the parties may agree upon in writing. Any banking expenses that may be charged by a third party in connection with disbursements shall be borne by the Borrower. Unless the parties otherwise agree, disbursements shall be made only in amounts of not less than the equivalent of fifty thousand United States of America dollars (US\$50,000) each.

ARTICLE 4.07. Revolving Fund. (a) By charge to the Financing and upon fulfillment of the requirements set forth in Articles 4.01 and 4.03 of these General Conditions and the pertinent requirements established in the Special Conditions, the Bank may advance resources of the Financing for the purpose of establishing, increasing or replenishing a Revolving Fund to defray costs pertaining to the execution of the Project which, pursuant to provisions of this Contract, are eligible for Financing with such resources.

(b) Except by express agreement between the parties, the amount of the Revolving Fund shall not exceed 5% of the amount of the Financing. Upon justified request, the Bank may increase or replenish the Revolving Fund as the resources are used, provided that the requirements of Article 4.03 of these General Conditions and those which may be established in the Special Conditions have been fulfilled. The Bank may also reduce or cancel the Revolving fund should it determine that the resources provided through the Revolving fund exceed the needs of the Project. The establishment and the replenishment of the Revolving Fund shall be regarded as disbursements for the purposes of this Contract.

(c) The plan, catalog or code of accounts that the Borrower or Executing Agency must present to the Bank in accordance with Article 4.01(e) of these General Conditions shall indicate the accounting method used by the Borrower to verify the transactions and statements of account of the Revolving Fund.

(d) Not later than thirty (30) days prior to the date agreed upon for the final disbursement of the Financing, the Borrower shall present a final justification of the use of the Revolving Fund and return any unused portion thereof.

ARTICLE 4.08. Availability of Local Currency. The Bank shall be obliged to make disbursements to the Borrower in local currency only to the extent that the respective depository of the Bank has placed such currency at its effective disposition.

CHAPTER V

Suspension of Disbursements and Accelerated Maturity

ARTICLE 5.01. Suspension of Disbursements. The Bank, by written notice to the Borrower, may suspend disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Borrower to the Bank for principal, fees, interest, return of advances of funds or for any other reason, under this Contract or any other Loan Contract entered into between the Bank and the Borrower.
- (b) Nonfulfillment by the Borrower of any other obligation set forth in the Contract or in any other Contract entered into with the Bank for the financing of the Project.
- (c) Withdrawal or suspension from membership in the Bank of the country in which the Project is to be executed.
- (d) The Project or the purposes of the Financing may be affected by: (i) any restriction, modification or alteration of the legal capacity, functions or assets of the Borrower or the Executing Agency; or (ii) any modification or change made without the written concurrence of the Bank of the basic conditions fulfilled before the approval of the Resolution authorizing the Financing or the signature of the Contract. In such cases, the Bank will have the right to require the Borrower and the Executing Agency to provide reasoned and detailed information. Only after hearing the Borrower or the Executing Agency and weighing the information or clarification received, or if the Borrower and the Executing Agency fail to respond, may the Bank suspend disbursements if it considers that the modifications made affect the Project substantially and unfavorably or make its execution impossible.
- (e) The non-compliance on the part of the Guarantor, if any, of any obligation set forth in the Guarantee Contract.

- (f) When the Borrower is not a member country government, any extraordinary circumstance which, in the opinion of the Bank, makes it unlikely that the Borrower will be able to comply with the obligations established in this Contract or to fulfill the purposes for which it was entered into.

ARTICLE 5.02. Termination, Accelerated Maturity, or Partial Cancellation of Undisbursed Balances. (a) The Bank may terminate this Contract with respect to the part of the Financing not yet disbursed or may declare the entire loan or a portion thereof immediately due and payable, together with interest and commissions accrued up to the date of payment if: (i) any of the circumstances set forth in paragraphs (a), (b), (c) and (e) of the preceding Article continues for more than sixty (60) days; or (ii) the information referred to in paragraph (d) of the preceding Article, or the clarifications or additional information presented by the Borrower or the Executing Agency, if any, are not satisfactory to the Bank.

(b) The Bank may cancel the part of the Financing pertaining to the procurement of certain goods, works or related services, or consulting services, or may declare the portion of the loan pertaining to such items immediately due and payable, if it determines at any time that: (i) the procurement was carried out without following the procedures set forth in this Contract; or (ii) representatives of the Borrower or a beneficiary of the grant have committed corrupt practices, either in the process of selecting the supplier or contractor or in the execution of the respective contract, and the Borrower has not taken timely and remedial measures, observing the due process guarantees of the Borrowing country's legislation, and acceptable to the Bank.

(c) For the purposes of the above paragraph, corrupt practices shall be understood to include acts of: (i) bribery, meaning the act of unduly offering, giving, receiving, or soliciting of anything of value to influence the process of procuring goods or services, selecting consultants, or executing contracts; (ii) extortion or coercion, meaning the act of attempting to influence the process of procuring goods or services, selecting consultants, or executing contracts by means of threats of injury to person, property or reputation; (iii) fraud, meaning the misrepresentation of information or facts for the purpose of influencing the process of procuring goods or services, selecting consultants, or executing contracts, to the detriment of the borrower or other participants; and (iv) collusion, meaning an agreement between bidders designed to result in bids at artificial prices that are not competitive.

ARTICLE 5.03. Obligations not Affected. Notwithstanding the provisions of the foregoing Articles 5.01 and 5.02, none of the measures set forth in this Chapter shall affect the disbursement by the Bank of: (a) any amounts subject to the guarantee of an irrevocable letter of credit; and (b) any amounts which the Bank by specific written agreement with the Borrower or the Executing Agency, if any, has agreed to provide from the resources of the Financing to make payments to a supplier of goods or services. The exceptions set forth in subparagraph (b) shall not apply if the Bank

determines that corrupt practices occurred with respect to the procurement of, or the execution of the contract for, the goods or services.

ARTICLE 5.04. Non-waiver of Rights. Any delay by the Bank in the exercise of its rights pursuant to this Contract, or failure to exercise them, shall not be construed as a waiver by the Bank of any such rights nor as acquiescence in events or circumstances which, had they occurred, would have empowered it to exercise them.

ARTICLE 5.05. Provisions not Affected. The application of any of the measures provided for by this Chapter shall not affect the obligations of the Borrower established in this Contract, which shall remain in full force and effect, except that in case the entire Loan has been declared due and payable only the pecuniary obligations of the Borrower shall continue in force.

CHAPTER VI

Execution of the Project

ARTICLE 6.01. General Provisions for Execution of the Project. (a) The Borrower undertakes that the Project shall be executed with due diligence in conformity with sound financial and technical practices, and in accordance with the plans, specifications, investment schedule, budgets, regulations, and other documents approved by the Bank. The Borrower further undertakes that its obligations shall be fulfilled to the satisfaction of the Bank.

(b) Any important modification in the plans, specifications, investment schedule, budgets, regulations or other documents which the Bank has approved, as well as any substantial change in the contract or contracts for goods or services which may be funded with the resources devoted to the execution of the Project, or in the categories of investment, shall require the written consent of the Bank.

ARTICLE 6.02. Prices and Public Tender. Contracts for execution of works, procurement of goods, and rendering of services for the Project shall be undertaken at a reasonable cost which shall generally be the lowest market price, taking into account quality, efficiency, and any other pertinent factors.

ARTICLE 6.03. Use of Goods. Except with the express authorization of the Bank, the goods acquired with the resources of the Financing shall be used exclusively for the purposes of the Project. Once the Project has been completed, the construction machinery and equipment utilized in the execution of the Project may be used for other purposes.

ARTICLE 6.04. Additional Resources. (a) The Borrower shall contribute in a timely manner all the resources in addition to those of the Loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the Special Conditions. If during the process of disbursement of the Financing an increase in the estimated cost of the Project arises, the Bank may require the modification of the investment schedule referred to in Article 4.01(d) of these General Conditions in order that the Borrower shall meet such increase.

(b) Beginning with the calendar year following the initiation of the Project and during the period of its execution, the Borrower shall demonstrate to the Bank in the first sixty (60) days of each calendar year that it will have available when needed the resources necessary to make the local contribution to the Project during that year.

CHAPTER VII

Records, Inspections and Reports

ARTICLE 7.01. Internal Control and Records. The Borrower or the Executing Agency, as the case may be, shall maintain an appropriate system of internal accounting and administrative controls. The accounting system shall be organized so as to provide the necessary documentation to permit the verification of transactions and facilitate the timely preparation of financial statements and reports. The records of the Project shall be maintained in such a way that: (a) they make it possible to identify the sums received from the various sources; (b) they show, in accordance with the catalogue of accounts approved by the Bank, the investments in the Project, both with the resources of the Loan and with the other funds to be provided for its complete execution; (c) they include sufficient detail to show the goods acquired and the services contracted, as well as the utilization of such goods and services; and (d) they show the cost of the investments in each category and the progress of the works. With respect to credit programs, the records shall also detail the credits granted, the recoveries obtained, and the utilization of the funds recovered.

ARTICLE 7.02. Inspections. (a) The Bank may establish such inspection procedures as it deems necessary to assure the satisfactory development of the Project.

(b) The Borrower and the Executing Agency, if any, shall permit the Bank to inspect at any time the Project, the equipment and materials involved therein, and to examine such records and documents as the Bank may deem pertinent. The personnel which the Bank shall send for this purpose shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

ARTICLE 7.03. Reports and Financial Statements. (a) The Borrower or the Executing Agency, as appropriate, shall present to the Bank the following reports, within the periods specified with respect to each:

- (i) Reports on the execution of the Project, within sixty (60) days following the end of each calendar Semester, or within such other period as the parties may agree, prepared in accordance with the relevant rules agreed to with the Bank.
- (ii) Such other reports as the Bank may reasonably request regarding the investment of the sums lent, the use of goods acquired with such sums, and the progress of the Project.
- (iii) Three copies of the financial statements for the entire Project as of the close of each fiscal year of the Executing Agency, and supplementary financial information relating to such statements. Such financial statements shall be submitted within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year in which the Project was initiated and during the period stipulated in the Special Conditions.
- (iv) When the Special Conditions so require, three copies of the financial statements of the Borrower as of the close of each fiscal year, and supplementary financial information relating to such statements. The financial statements shall be submitted during the period stipulated in the Special Conditions, beginning with the fiscal year in which the Project was initiated and within one hundred twenty (120) days following the close of each fiscal year of the Borrower. This obligation shall not apply if the Borrower is the Republic or the Central Bank.
- (v) When the Special Conditions so require, three copies of the financial statements of the Executing Agency as of the close of each fiscal year, and complementary financial information relating to such statements. The statements shall be submitted during the period stipulated in the Special Conditions, beginning with the fiscal year in which the Project was initiated and within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency.

(b) The statements and documents described in paragraphs (a)(iii), (iv) and (v) shall be submitted with the opinion of the auditing entity specified in the Special Conditions of this Contract and in accordance with requirements satisfactory to the Bank. The Borrower or the Executing Agency, as the case may be, shall authorize the auditing entity to provide the Bank with any

additional information it may reasonably request with respect to the financial statements and audit reports issued.

(c) In cases in which the audit is to be performed by an official auditing agency and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the periods mentioned above, the Borrower or the Executing Agency shall contract the services of a firm of independent public accountants acceptable to the Bank. The services of a firm of independent public accountants may also be utilized if the contracting parties so agree.

CHAPTER VIII

Provision on Encumbrances and Exemptions

ARTICLE 8.01. Commitment on Encumbrances. If the Borrower should agree to create any specific encumbrance on all or part of its assets or revenues to secure an external debt, it shall at the same time create an encumbrance guaranteeing to the Bank, equally and proportionally, the fulfillment of the pecuniary obligations arising from the Contract. However, the foregoing shall not apply: (a) to encumbrances on goods used as security for payment of the unpaid balance of the purchase price; and (b) to encumbrances created in banking operations to secure payment of debts with maturities of not more than one year. In the event that the Borrower is a member country, the term "assets or revenues" shall mean all types of assets or revenues which belong to the Borrower or any of its dependent agencies which are not autonomous entities with their own separate capital.

ARTICLE 8.02. Tax Exemption. The Borrower undertakes to ensure that both the principal and the interest and other charges of the Loan shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty or charge established or that may be established by the laws of its country, and to pay any tax, fee, or duty applicable to the signing, negotiation, and execution of this Contract.

CHAPTER IX

Arbitration Procedure

ARTICLE 9.01. Composition of the Tribunal. (a) The Arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by the Bank, another by the Borrower, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who the Referee shall be, or if one of the parties should not designate an arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties

fails to appoint an arbitrator, one shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions and faculties as his predecessor.

(b) If the controversy affects not only the Borrower but also the Guarantor, if any, both shall be considered a single party and consequently shall act jointly in the designation of the arbitrator and for the other purposes of the arbitration proceedings.

ARTICLE 9.02. Initiation of the Procedure. In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation which it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed as to the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

ARTICLE 9.03. Convening of the Tribunal. The Arbitration Tribunal shall be convened in Washington, District of Columbia, United States of America, on the date designated by the Referee, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

ARTICLE 9.04. Procedure. (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(b) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of this Contract, and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the parties by means of a communication signed by at least two members of the Tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

ARTICLE 9.05. Costs. The fees of each arbitrator shall be paid by the party which appointed him and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the other persons who, by mutual

agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation which may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

ARTICLE 9.06. Notification. All notifications relative to the arbitration or to the award shall be made in the manner provided in this Contract. The parties waive any other form of notification.

THE ANNEX**THE PROJECT****Project for Moleson Creek – New Amsterdam Road****I. Objective**

- 1.01 The main objective of the Project is to lower transport costs and reduce accident rates, improving access to an important agricultural zone and facilitate regional integration between Guyana and Suriname, within the Regional Infrastructure Integration in South America (IIRSA) initiative, through the rehabilitation and improvement of the New Amsterdam-Moleson Creek road. Additional objectives include providing support for the institutional strengthening of the Ministry of Public Works & Communications (MPW&C) especially in the areas of transport planning, project design, supervision and reporting and road safety, and the preparation of studies. The Logical Framework of the Project is presented as Appendix I, and forms an integral part of this Annex.

II. Description

- 2.01 The Program consists of three main components: (i) an institutional strengthening component for the MPW&C; (ii) an investment component for road works; and (iii) a component including the feasibility study of the Demerara River Crossing, urban transport study for Georgetown and rural transportation studies.
- (i) Institutional Strengthening of the MPW&C
- 2.02 The institutional component will finance activities directed at further improving the institutional capacity of the MPW&C. Specific support will be provided to strengthen the MPW&C's capacity, through the Central Transport Planning Unit (CTPU), to evaluate and set transport policies, carry out transport planning and prioritize transport investment. This component will also provide support for the Works Services Group (WSG), the specialized unit responsible for road system management and Project execution, strengthening the implementation of its action plan.
- 2.03 Efforts will concentrate on improving MPW&C's capacity to plan and regulate public transport. This will be carried out through the strengthening of the CTPU and the WSG. Funds available in the Bridges Rehabilitation Program (LO-999/SF) were used to prepare a diagnostic of the current situation of the CTPU and an action plan for its strengthening, and to review the action plan used for the implementation of the WSG to ensure that it was

implemented as intended, that it is still relevant to the WSG, that the goals and objectives have been achieved, and, on the basis of this review, update the Action Plan.

- 2.04 The CTPU's action plan outlines the strategy for its strengthening, presents an implementation plan, work program and functions, organizational structure, job descriptions, qualifications and a salary structure, and also establishes budget requirements. Since the functions of the CTPU are very closely aligned with those of the WSG, even overlapping in the areas of environmental impact assessment, traffic safety engineering studies and transport data management, it is recommended to establish the CTPU within WSG's structure, and the Chief Transport Planning Officer-head of the CTPU unit-will report directly to WSG's Coordinator. Furthermore, cost savings can be derived from having both units under the same organizational structure. This program will support the implementation of the recommended action plan.
- 2.05 Activities to be funded within this subcomponent include: i) expert consultancy to support the development of a computerized inter-modal transportation system planning and data management, including associated training, and assist in the formulation and preparation of a long term national transport investment plan and transport policy (\$320,000); ii) expert consultancy to support the evaluation and development of transport policies (\$150,000); iii) inter institutional and inter disciplinary coordination, including the development and implementation of training programs (\$150,000), iv) expert support in planning of conceptual urban transport plans for main cities (\$100,000), v) expert support in administration of regulating public transportation (\$30,000), and vi) computer equipment and software (\$50,000). Counterpart resources will finance: i) all local staff salaries in the CTPU: Chief Transport Planning Officer (incumbent), Transport Planning Officer, Economist Planning Officer, and Planning Assistant; and ii) other set up and operating costs such as electricity, telephone, office materials, etc.
- 2.06 In the case of the WSG, the development plan prepared under LO-1094/SF was reviewed, to ensure that it was implemented as intended. On the basis of this review, the action plan was updated, and fulfillment of existing vacancies (Highway Engineer, Contracts / Procurement Specialist, and Materials Engineer) was recommended as well as the development of specified required consultancies. The program will support the ongoing financing of the WSG between the moment that the assigned resources under LO-1094/SF are exhausted until the end of the disbursement period of this program. It is estimated that this is a one year period. The Project also includes an environmental training of MPW&C and WSG staff and construction contractor's personnel.
- 2.07 Activities to be funded within this subcomponent include: i) support the road safety unit providing traffic modeling software and training to establish the road network in GIS format and linked with the Micro Computer Accident Analysis Package being developed under the

Bridges Rehabilitation Program (LO-999/SF) (\$330,000); ii) review the Routine Maintenance Management System (RMMS) to suggest amendments and updates based on lessons learnt, and assess road condition changes overtime (\$150,000), iii) expert consultancy support for the monitoring of the lump-sum investment and maintenance contracts (\$100,000); iv) expert consultancy for quality control procedures (\$70,000), v) expert consultancy to support the institutional quality assurance procedure of the WSG (\$30,000) , vi) expert consultancy for social/environmental monitoring, supervision, management and conservation of investment and maintenance projects (\$70,000). Counterpart resources will continue to finance: i) local staff salaries in the WSG as defined before; and ii) other additional operating costs such as electricity, telephone, office materials, etc.

(ii) New Amsterdam – Moleson Creek road rehabilitation

- 2.08 The investment component provides funds for: (1) the rehabilitation of the 2-lane 81 km New Amsterdam to Crabwood Creek Road (NACCR) and the improvement of the 5-km road from Crabwood Creek to Moleson Creek, located on the Corentyne river, the border between Guyana and Suriname; (2) the rehabilitation of related bridges and drainage structures.
- 2.09 Constructed in the late 1960s, some sections of the road have subsequently received a surface seal in previous maintenance/repair interventions. However, much of the existing roadway surface now exhibits extensive block cracking (in some cases these have degenerated into potholes), indicative of asphalt in a brittle state and approaching the end of its useful life as a wearing course. Tests have indicated however, that there is generally no differential movement between adjacent “blocks” and that the distress does not extend into the sub-layers. The appropriate treatment has therefore been judged to be crack sealing and asphalt overlay. Between 5 to 10% of the length of the route features alligator and other types of crack manifestations, indication of deeper based distress. In those locations, full depth reconstruction is deemed to be required.
- 2.10 The level of intervention now needed on the New Amsterdam-Moleson Creek road has been determined during the feasibility study stage of this Project carried out in 2003. Based on the findings of that study, full depth reconstruction is required only in localized areas with crack sealing and asphalt overlay being required over the majority of the route. Other investments will be targeted at restoring the integrity of much of the aging bridge and culvert inventory and in improving road safety. The roadway surface will be designed to provide an effective life expectancy of 10 years. However, major bridge and drainage structures will be replaced or rehabilitated as required to insure that they can remain in service without significant rehabilitation, for a minimum of another 15 years. To ensure sustainability of future road maintenance, the Loan Document will specify that GOG is committed to ensure that the works included in the Project be adequately maintained, providing at least the required

annual expenditures, by means of the national budget, to meet the minimum standards determined annually by the RMMS.

- 2.11 Limited regional classified traffic and axle load survey data was made available by the MPW&C for the Corentyne Highway from the year 2000. Supplementary counts were conducted in September and October of 2003 as part of the feasibility study. Current levels of average daily traffic in the New Amsterdam area of the corridor were estimated to be of the order of 7,500 vehicles. Further east along the highway, average daily traffic volumes in the different segments identified were in the range of 5,000 to 6,000 on average.
- 2.12 The Corentyne Highway is conceived to be a connecting link between the ferry terminal in New Amsterdam with that at Moleson Creek. As such the route that is the subject of the Program is comprised of the following geographical sections:

Section	Direction of Traffic Flow	Length (km)
Stelling Access Road, New Amsterdam	2-way	0.25
Water Street, New Amsterdam	2-way	0.25
Esplanade Road, New Amsterdam (northbound)	1-way	0.80
Princess Elizabeth Road, New Amsterdam (southbound)	1-way	0.55
(Vryheid Road) ¹	(2-way)	(0.25)
Corentyne Highway (New Amsterdam - Crabwood Creek)	2-way	80.5
Stelling Access Road (Crabwood Creek - Moleson Creek)	2-way	5.40

- 2.13 A full range of inspections and tests were carried out along all sections of the route in order to determine the residual strength of the pavement layers and the support strength of the sub-grade materials below. This work included: (i) visual condition assessments including measurement of crack and pothole extent and severity, frequency and depth of edge breaks, etc.; (ii) trial pits and analysis of recovered samples; (iii) Dynamic Cone Penetrometer testing; (iv) peak deflection testing; (v) radius of curvature and deflection bowl measurement; (vi) crack activity assessment; and (vii) rut depth measurement.
- 2.14 Rehabilitation is proposed for sections of roadway (approximately 86.6 km) where existing strength is adequate and distress is limited to surface cracking with no differential movement. The works planned include sealing of map cracks with a bitumen-based slurry, repair of edge damage and potholes with a subsequent application of an asphalt overlay. An asphalt leveling / regulating course is also proposed for areas where rut depth is greater than about 8 to 10 mm and/or super-elevation rates are deficient. Reconstruction is proposed in those segments

¹ This link is not included in the Project, but will be completed under the 2004 Urban Development Program.

(approximately 1.1 km) where present distress is significant and to a degree where replacement of the full depth pavement structure is warranted.

- 2.15 A number of inspections and tests were carried out for each structure located along the route in order to determine present conditions and to estimate the remaining life span before replacement or major reconstruction becomes necessary. Field activities included: i) determination of location and function of each structure; ii) recording of dimensions for each bridge, box culvert and pipe culvert; iii) physical testing of materials (e.g. by means of Cover meter, Schmidt hammer, and Half-cell test equipment); and iv) determination of extraneous environmental influences (e.g. sulphate content of water, chloride content of concrete and degree of carbonation).
- 2.16 In an attempt to reduce the incidence of road accidents in the post-construction phase, a range of treatments is to be introduced. These include the provision of extensive paved shoulders with appropriate lane edge demarcation throughout much of the corridor. Additionally, parking lanes in areas having significant parking and/or stopping demand and the installation of raised sidewalks where pedestrian activity is greatest, new or improved street lighting and signage will be provided. Improvements along urban critical sections includes road marking, signing, lighting, sidewalks, bus stops, identification of School Zones, additional parking lanes, and school and pedestrian crossings and their signalization. All of these elements are considered essential in the interests of providing a safer environment for road users.
- 2.17 The provision of all-weather concrete or asphalt-surfaced sidewalks is recommended along 3.9 km., on a non-continuous basis, where pedestrian activities are greater. Generally, these will be of 1.5 to 2.0 meter width and raised above adjacent shoulder surfaces by means of a low, barrier type curb. Curb depressions will be required at each of the frequent property access points.
- 2.18 Subject to the availability of existing right of way (no additional land is to be acquired), 18.8 km of surfaced parking lanes will be provided in areas where parked and/or stopping traffic volumes are significant. The desirable width of these lanes will be 2.4 meters with a minimum of 2.0 meters where areas are constrained by existing development.
- 2.19 Street lighting is notably deficient along the roadway. Some of the more urbanized areas have some coverage though its effectiveness is questionable. The minimum coverage of new or improved lightning will be 18.8 km.
- 2.20 Additional safety measures selectively introduced may include transverse speed "humps", longitudinal and transverse "rumble strips" raised pavement markers (RPMs) and appropriate edge and lane delineation as well as conventional and standard signage - regulatory, advisory and directional types.

- 2.21 The final cost estimate at the feasibility study stage for the physical rehabilitation works is US\$30.3 million, including an allowance of US\$1.0 million for the 3-years of routine maintenance that will be financed through the local counterpart.

(iii) Studies and preparation of designs

- 2.22 **Feasibility Study of the Demerara River Crossing.** The objective of this study is to conduct an evaluation of the Demerara River Crossing based on technical, economic social and environmental analysis of different alternatives to estimate its economic costs and benefits and determine the economic and financial viability. A feasibility study and an Environmental Impact Assessment will be undertaken for a new crossing across the Demerara River; its location will be selected based on technical, economic and environmental analysis of different alternatives; an analysis for a DBOT, or other arrangements involving private sector participation will be included.
- 2.23 **Urban transport study for Georgetown.** The current urban transportation services and the urban road network of Georgetown cannot support the increasing demand, and will become unsafe and costly for the users. The current urban traffic conditions will worsen when the ongoing widening of the existing southern approach to Georgetown (construction of two additional lanes between the city and the Demerara Bridge) will be completed in 2005. Therefore, it is urgent to carry out a transportation study, focusing mainly on existing entry and access routes, traffic flow and management, safety, and institutional aspects, with the following principal components: i) policy and institutional strengthening, and ii) traffic management and road safety improvements. The first component will evaluate and prioritize the requirements in the institutional, legal, regulatory, and infrastructure (traffic management, safety, environment, etc.) areas. The second component, and complementary to the first one, will develop traffic regulations and control procedures, public transportation plans, and final designs of solutions to ease traffic congestion and improve road safety through improvements in the capacity of the urban road system, upgrading intersections, changing traffic flows, etc.
- 2.24 **Rural Transportation.** Several studies, preparatory of the rural transportation program (GY-0074), will be developed under this subcomponent, including: i) diagnostic of rural transport: transport modes, affected population, beneficiaries, transport costs, transport services provided for freight and passengers, impact upon production and means of subsistence; ii) development of a planning system that will allow identification in investment priorities, giving fundamental importance to users, beneficiaries and local authorities' participation in the identification process; iii) preparation of technical, environmental and social basic standards for the planning and execution of a rural transport program. These standards will expand during the execution process; iv) engineering designs for rehabilitation of rural roads, small docks, and other rural transportation infrastructure; v) development of methodologies that will allow sustainable management (operation and maintenance) of the

rehabilitated infrastructure and related services. The participation of the communities and local governments in the financing of maintenance will be of particular importance; and (vi) preparation of the baseline that will allow the measurement of social and economic impacts of the rural transport improvement.

III. Total Cost of the Project and Financing Plan

3.01 The estimated cost of the Project is the equivalent of US\$41,450,000, in accordance with the following investment categories and sources of financing:

Cost and Financing

(in thousands of US\$)

Investment Categories	Bank	Local Contribution	Total
Institutional Strengthening	1,550	1,500	3,050
CTPU	800	550	1,350
WSG	750	950	1,700
Civil works and supervisory consultancy	30,850	1,950	32,800
Moleson Creek – New Amsterdam Road	28,350	1,950	30,300
Works Supervision	2,500	0	2,500
Studies	1,800	500	2,300
Feasibility study Demerara River Crossing	400	200	600
Urban Transport Study for Georgetown	800	200	1,000
Rural Transportation	600	100	700
Evaluation	350	0	350
Audits	350	0	350
Financial Expenditures	773	200	973
Interests	400	0	400
Commitment Fee	0	200	200
Inspection and Supervision	373	0	373
Contingencies	1,627	0	1,627
TOTAL	37,300	4,150	41,450
Percent	90%	10%	100%

IV. Execution

A. The Borrower and Executing Agency

- 4.01 The borrower is the GOG. The executing agency is the MPW&C. Project implementation will be the direct responsibility of the Works Services Group (WSG).

B. Institutional structure of the Executing Agency

- 4.02 WSG's primary responsibilities include the execution of two IDB loan contracts (Bridges Rehabilitation Program (LO-999/SF) and Mahaica Rosignol Road Rehabilitation Project (LO-1094/SF)), as well as other miscellaneous assignments related to right-of-way works, in-house designs for forced account works, and lending general engineering advice and support to other Government agencies responsible for infrastructure projects.
- 4.03 The unit is currently staffed in accordance with its organizational chart depicting key engineering positions, as contained in the Action Plan for its implementation, except for the highways engineer, the materials engineer and the Contracts / Procurement Specialist, positions that are vacant. Support staff is adequate and three office engineers provide key support to senior engineers. By the time New Amsterdam to Moleson Creek Project comes on stream, WSG shall be fully staffed, and the CTPU shall be fully incorporated and operational within WSG's structure.
- 4.04 WSG will be responsible for the implementation of the Project. WSG will monitor the activities of the engineering supervision firm, and will maintain adequate accounting and financial controls, and appropriate support documentation filing systems. WSG will also prepare and submit to the Bank the disbursement requests and the corresponding justification of expenses, financial reports, and the annual audited financial statements. WSG will also act on behalf of the borrower in such matters as contractor claims and related contract adjustments to preserve the design level of service.

C. Engineering Supervision

- 4.05 The contractor who will carry out the civil works for the rehabilitation of the New Amsterdam- Moleson Creek road will be overseen by an engineering supervision firm hired under lump-sum contract services by the WSG with Project funds, in accordance with terms of reference agreed with the Bank and using International Competitive Bidding (ICB) procedures. This firm will also carry out the supervision of the environmental aspects of the civil work. The firm will have the direct responsibility to:

- a. familiarize itself with designs,
- b. if the conditions of the road have been changed, or if there are other technical justifications, make minor adjustments in the contract before award is made,
- c. establish appropriate inspection, quality assurance / quality control procedures to ensure adequate administration of the lump sum construction contract, and ensure that environmental and social concerns are addressed fully by the contractor,
- d. approve civil works contract invoices and submit them to the GOG, and
- e. data gathering (traffic counts and axle load distribution in four selected fixed locations) for evaluation of the program.

4.06 The firm will also review all technical documentation at the beginning of its contract and at regular intervals throughout the Project to ensure, *inter alia* the adequacy of the programming of work such as geotechnical and subsurface investigation, drainage, environmental specifications and mitigation measures, and worker safety recommendations. The firm will also confirm that contractor qualifications and equipment capacity satisfy design requirements.

4.07 The firm will submit, twice per year, reports to the Executing Agency and the Bank outlining progress compared with the Project Monitoring Checklist in Annex 3. The supervisory firm will also prepare as-built drawings (they will also be submitted in digital format) for all work performed upon the completion of each major work component. It is recommended that this firm be hired prior to completing contractor pre-qualification to ensure adequate supervision over the process and to avoid unnecessary claims.

D. Contracting for the Civil Works

4.08 Taking into account the lessons learnt and the previous experiences with lump sum contracts, the Project Team considers that contracting the civil works at New Amsterdam -- Moleson Creek using lump sum procedures is feasible and advisable.

E. Project Oversight

4.09 An Engineering supervision firm will be hired using Project fund to supervise the construction firm. During the first year of implementation of the physical works, review meetings will be held at least monthly among representatives of the Bank, the WSG and the supervisory firm to oversee the advance of the Project. Depending on the level of progress during the first year, the periodicity of meetings may be reduced.

F. Procurement of goods and services

- 4.10 In procuring goods and services financed by the Bank, the Executing Agency will follow Bank procurement policies and procedures. The Executing Agency will use international competitive biddings for all goods valued at more than US\$250,000 (see 4.01 (b) (i) of the Special Conditions) for civil works valued at more than US\$1.0 million, and for consulting services in excess of US\$100,000. All bank-financed civil works (rehabilitation of Moleson Creek – New Amsterdam Road) will be let in packages to pre-qualified firms.
- 4.11 To avoid delays in Project implementation, the MPW&C has initiated the procurement of Program works and services prior to Loan approval by advertising for expressions of interest in the UN Development Business. In all cases these procedures have carefully followed all Bank procurement procedures.

G. Execution and disbursement schedule

- 4.12 The expected execution period of this Program is 54 months.

H. External Auditing

- 4.13 The Executing Agency will prepare and submit annual financial statements regarding the use of the Program's funds as provided in the Special Conditions.

I. Annual Maintenance Report

- 4.14 The baseline road condition is included in the final design of the road, and will be transferred to the RMMS. During the 3 years following the rehabilitation of the road, when the contractor remains responsible for the maintenance, the MPW&C, through the WSG, will present to the Bank an annual report of routine maintenance works performed using the reporting procedure capabilities of the RMMS. This reporting procedure will continue until the end of the maintenance commitment period agreed upon between the Bank and the GOG.
- 4.15 The annual report corresponding to the activities carried out during each year, will be submitted within the first quarter of the following year, and will contain, at least, the following elements: (i) general information about the structure and responsibility of the firm responsible of the road maintenance, (ii) actual works carried out on a monthly basis, with a detailed description of quantities and availability of labor, materials and equipment, number and qualifications of labor (skilled and unskilled) actually employed, average monthly road conditions and its compliance with the routine maintenance contract and detailed unit costs and budget compliance; (iii) updated inventory of the condition of the rehabilitated road at the end of the year; (iv) evaluation of the maintenance plan of the previous year; and

(v) maintenance plan for the following year, with the justification of the type of activities, schedule of works, identified priorities and physical (labor, equipment and materials) and financial requirements.

J. Evaluations

- 4.16 As part of the continuous evaluation of the implementation of the physical works, twice a year, during a period of 7 days (at least during fourteen hours per day) traffic counts and axle load distribution will be carried out in four selected fixed locations. These count will take into account low and high agricultural seasons. In addition, every second Wednesday of each month, traffic counts and axle load distribution will be carried out during the full day, in the same four selected fixed locations. These data will be collected by the supervision firm, and will be submitted to the Bank twice a year, in correspondence with the semi-annual reports.
- 4.17 A mid-term review will be carried out 2.5 years after the start of the program, or when the disbursement of the physical works has achieved 40%. Additionally, a final review will be carried out when the disbursement of the loan has achieved 90%. The scope of these evaluations will be: a) initial results of the rehabilitation and maintenance of the road; b) procurement procedures and results for goods, services, consultancies and civil works; and c) procedures and results in institutional strengthening area.
- 4.18 WSG will collect, store and retain all necessary information, indicators and parameters, including the annual plans, the mid-term review, and final evaluations, to help: i) the Bank to prepare the PCR; and ii) the Bank's Oversight Evaluation Office (OVE), if so wishes, to evaluate the impact of this operation in accordance to GN-2254-5.

V. Maintenance

- 5.01 The purpose of the maintenance is to preserve the roads of the Project at a level compatible with the services they should provide.
- 5.02 The annual maintenance report described in Section 4.02 of the Special Conditions shall include:
- (a) general information that includes:
- (i) the organizational structure of the entity in charge of the maintenance and its responsibilities;
 - (ii) the classification, number and distribution of personnel in MPW&C, as well as the type, number, distribution and operating conditions of the equipment to be used in the maintenance; and

- (iii) the current maintenance contracts, their term, coverage and degree of execution.
 - (b) an updated inventory of New Amsterdam – Moleson Creek Road, with details as to the current conditions of the individual sections of the highways that comprise this system.
 - (c) an evaluation of the execution of the maintenance plan for the previous year, which shall include:
 - (i) a comparison of the current conditions of the separate highway sections with the conditions indicated in the previous year's inventory;
 - (ii) the statistics relating to activities accomplished, to the volume of executed works, and to the material and financial resources utilized, as regards both the activities executed by direct administration and those contracted out; and
 - (iii) the extent to which the plan has been carried out, its degree of efficiency and the adjustments that should be made in such plan.
 - (d) the highway maintenance plan for the following fiscal year, with justification of the priorities established therein, the activities that shall be executed and the corresponding execution schedule. In addition, the plan shall indicate both the material resources required and the budget, appropriately itemized. This budget shall include annual resources sufficient to carry the maintenance.
- 5.03** The first annual maintenance report shall include the plan corresponding to the fiscal year following that of the effective date of the loan contract.