

Loan No. 559/SF-GY
Resolution No. DE-147/78

LOAN CONTRACT

BETWEEN

GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

(Project for The Irrigation and Drainage of
the Black Bush Area)

December 4, 1978

LOAN CONTRACT

CONTRACT entered into on December 4, 1978, between GUYANA (hereinafter called the "Borrower"), and the INTER-AMERICAN DEVELOPMENT BANK (hereinafter called the "Bank"), whereby it is agreed as follows:

PART ONE

SPECIAL CONDITIONS

CHAPTER I

THE Loan, Purpose, and Executing Agency

Section 1.01. Amount In accordance with this Contract, the Bank agrees to grant to the Borrower, and it accepts, financing (hereinafter termed the "Financing"), chargeable to the Fund for Special Operations, of up to the amount of seven million two hundred thousand United States dollars (US\$7,200,000), or the equivalent thereof in other currencies forming part of the Fund, except that of Guyana. The amounts disbursed from the Financing shall constitute the "Loan".

Section 1.02. Purpose. The purpose of the financing is to cooperate in the execution of a project (hereinafter termed the "Project") comprised of the irrigation and drainage of the Black Bush Area. The Project is described in more detail in Annex A of the Contract.

Section 1.03. Executing Agency. The parties agree that the execution of the Project and the utilisation of the resources of the Financing shall be carried out by the Ministry of Agriculture (hereinafter termed the "Executing Agency"), as to the legal and financial capacity of which to function as such the Borrower gives its assurance.

CHAPTER II

Constituent Elements of Contract

Section 2.01. Constituent Elements of Contract. This Contract consists of this Part One, hereafter denominated the Special Conditions, of Part Two, hereafter denominated the General Conditions, dated November 2, 1976, and of Annexes A, B and C attached.

Section 2.02. Primacy of the Special Conditions. If any provision of the Special Conditions or the Annexes should present any inconsistency or contradiction with the General Conditions, the provision the Special Conditions or the respective Annex shall prevail.

CHAPTER III

Amortisation, Interest and Credit Fee

Section 3.01. Amortisation. The Loan shall be completely repaid by the Borrower not later than November 24, 2018 by means of sixty (68) semiannual, consecutive, and as far as possible, equal installments, the first of which shall be paid May 24, 1989. Not later than three months after the date of the final disbursement of the Financing, the Bank shall deliver to the Borrower an amortisation schedule setting forth the amount and date for payment of each installment and the currency or currencies to be utilised therein in accordance with Article 3.04(c) of the General Conditions.

Section 3.02. Interest. (a) The Borrower shall pay interest semiannually on the outstanding balance of the Loan at the rate of 1% per annum, which shall accrue from the date of each respective disbursement, until November 24, 1988, and 2% per annum from that date onward. Interest shall be payable semiannually on May 24, and November 24 of each year, beginning on May 24, 1979.

(b) At the request of the Borrower the resources of the Financing may be used to pay interest on the Loan during the disbursement

Section 3.03. 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 established that the Board of Executive Directors approved the Resolution relating to the Financing on November 9, 1978.

Section 3.04 Reference to General Conditions. With respect to computation of interest and credit fee, obligations relating to currencies, rate of exchange, participations, place of payments, receipts and promissory notes, application of payments, advance payments, renunciation of part of the Financing, and transactions falling due on public holidays, the respective provisions in Chapter III of the General Conditions shall be applied.

CHAPTER IV

Conditions Concerning Disbursements

Section 4.01. General Provision. The Bank shall effect disbursement of the resources of the Financing in accordance with the conditions and procedures established in Chapter IV of the General Conditions and with the special conditions set forth in the present Chapter.

Section 4.02 Special Conditions Precedent to First Disbursement. The first disbursement shall be subject to the fulfillment to the satisfaction of the Bank of the following requirements, in addition to the conditions precedent stipulated in Article 4.01 of the General Conditions:

- (a) that the Borrower shall have presented evidence to the Bank that;
 - (i) it has signed the agreements with the appropriate institutions for the external financing of the Project referred to in Section 6.04;
 - (ii) the coordinating committee comprising representatives of the government agencies involved in the Project, has been established;
 - (iii) the Executing Agency has contracted the consulting firm for the engineering and the supervision of the execution of the Project in accordance with Annex B, and
 - (iv) the project managers, selected by the Executing Agency, have assumed their responsibilities.

(b) That the Memorandum of Understanding for the coordination and supervision of the Project has been signed with the Bank by the external financing institutions referred to under Section 4.02 (a)(i) above.

(c) The Executing Agency shall have agreed with the Bank to the firm of independent chartered accountants to carry out the auditing functions required by Article 7.03 (b) of the General Conditions.

Section 4.03. Period for Disbursements. (a) The resources of the Financing may be disbursed only during the period of five (5) years from the date of the Contract, that is, not later than December 4, 1983.

unless the contracting parties agree in writing to extend this period.

(b) Unless the contracting parties agree in writing to extend the aforementioned period, the portion of the Financing which has not been disbursed within the corresponding period shall be automatically cancelled.

CHAPTER V

Suspension of Disbursements and Accelerated Maturity

Section 5.01. Reference to the General Conditions. The provisions relating the right of the Bank to suspend disbursements, as well as the consequences of any suspension, are set forth in Chapter V of the General Conditions.

CHAPTER VI

Execution of the Project

Section 6.01. Conditions Concerning Prices and Bidding.

(a) The procedures to be used for public tendering shall be subject to the provisions of the Tender Procedures which are attached to the Contract as Annex C.

(b) Except as the Bank may otherwise approve, the Executing Agency shall present to the satisfaction of the Bank and prior to each invitation to tender or the initiation of any work the general plans, specifications, budget, and bidding documents.

(c) Notwithstanding the foregoing provision, the Bank may agree to the use of the system of force account for the construction of works included in the Project, up to an amount equivalent to one million United States dollars (US\$1,000,000), provided that the Executing Agency shall have previously submitted detailed construction plans, budgets and corresponding justification to the Bank for approval.

Section 6.02. Currencies and Use of Funds. (a) The amount of the Financing shall be disbursed in United States dollars or the equivalent thereof in other currencies of the Fund for Special Operations, except in Guyana, to pay for goods and services acquired through international competition and for such other purposes as are indicated in the Contract.

(b) The currencies of the Financing may be used for the purchase of goods and services originating in any member country of the Bank, unless a member country issuing a currency has restricted its use in accordance with Article V, Section 1(c), of the Agreement Establishing the Bank.

(c) Any goods or services not originating in Guyana which may be necessary to acquire or contract for the execution of the Project shall be financed with the currencies to which paragraph (a) above refers. Consequently, the Borrower may not utilise national resources for acquisitions or contracted services not originating in Guyana, except for minor purchases in the local market, before having assigned, committed or utilised the resources in the aforementioned currencies for such purposes.

Section 6.03. Cost of the Project. The total cost of the Project is estimated to be the equivalent of forty-five million nine hundred and forty-eight thousand United States dollars (US\$45,948,000) and in no case shall the participation of the resources of the Financing exceed 15.7% of the total amount.

Section 6.04. Additional Resources. The amount of the additional resources which, pursuant to Article 6.04 of the General Conditions, the Borrower undertakes to contribute in a timely manner for the complete uninterrupted execution of the Project, is estimated to be the equivalent of thirty-eight million seven hundred and forty-eight thousand United States dollars (US\$38,748,000), of which the equivalent of twenty-eight million nine hundred and forty-eight thousand United States dollars (US\$28,900,000) shall be provided

by other external financial agencies, but this estimate shall not imply any limitation or reduction of the obligation of the Borrower under said Article 3. To compute the equivalency in dollars, the rules established in Article 3. of the General Rules shall be followed.

Section 6.05 Technical Cooperation. (a) Of the total amount of the Financing, the Borrower and the Bank agree that up to the equivalent of three hundred and seventy-five thousand United States dollars (US\$375,000) shall be used to meet part of the cost of technical cooperation provided in paragraph II(B)(2) of Annex A.

(b) Within twenty-four (24) months from the date of this Contract the Borrower shall present to the satisfaction of the Bank and through the Executing Agency, evidence that the consulting firm that shall render technical cooperation in the field of institutional strengthening of the latter, has been contracted.

Section 6.06. Contracting of Consultants. The executing Agency shall select and contract directly the services of consultants, professionals, or experts referred to in Section 4.02(a)(iii) and 6.05 above, in conformity with the procedures set forth in Annex B.

Section 6.07. Water Charges. (a) The Borrower shall take the necessary measures acceptable to the Bank to ensure that the charges to the users of water supplied by the Executing Agency shall produce revenues sufficient to cover (i) all operating expenses of the system, including those related to administration, operation and maintenance and (ii) the depreciation of the systems to the extent such depreciation is shown to be foreseen under the study of the tariff system which is to be initiated by the Executing Agency. Any shortfall in revenues in an amount necessary to meet operating expenses contemplated under (a)(i) above shall be covered by the Borrower in its central budget.

(b) Within thirty-six months from the the date of this contract, the Borrower shall present to the satisfaction of the Bank a proposed tariff system based on the premises indicated in Subsection (a) above and taking into consideration the recommendations resulting from the technical cooperation study included in the Project.

(c) The tariff rates provided for under Subsection (a) above shall be put into effect, to the satisfaction of the Bank, not later than twenty-four months after the completion of the Project.

Section 6.08. Plan for Agricultural Development Flood Control and Recommendations of the Consultants. Within forty-eight (48) months from the date of this Contract the Borrower shall present, to the satisfaction of the Bank, through the Executing Agency: (i) the plan for the agricultural development of the area including research, extension and agricultural credit components; (ii) the operational and maintenance programme for the flood drainage and irrigation system in accordance with Section 6.09; and (iii) evidence that either the recommendations proposed by the consultants hereunder pursuant to this Contract, or similar measures acceptable to the Bank and the Borrower have been adopted by the Executing Agency.

Section 6.09. Operation and Maintenance of the Project Works. The Borrower through the Executing Agency, shall operate the drainage and irrigation works, and shall maintain the internal roads, in a condition satisfactory to the Bank, according to engineering standards acceptable to the Bank for a period of at least ten years after completion of the corresponding works or roads, and for these purposes shall perform whatever upkeep, maintenance and repair as may be necessary.

Section 6.10. Special Conditions for the Execution of the Project. The Borrower shall adopt the appropriate measures to the satisfaction of the Bank to insure that during the construction period and for 10 years after the date of the last disbursement of the Loan, the Project beneficiaries shall be provided with adequate credit, research, extension, machinery and marketing services for rice and other food crop production to meet the requirements consistent with a higher intensity of land cultivation and the introduction of high yielding rice varieties and also to ensure the viability of the Project.

Section 6.11. Reference to the General Conditions. Stipulations concerning general provisions for execution of the Project, prices and public tender, use of goods, and additional resources are set forth in Chapter VI of the General Conditions.

CHAPTER VII

Records, Inspections, and Reports

Section 7.01. Records, Inspections, and Reports. The Borrower agrees that directly or through the Executing Agency it shall maintain records, permit inspections, and submit reports and financial statements in accordance with the provisions of Chapter VII of the General Conditions with the understanding that notwithstanding of the provisions of Article 7.03 of the General Conditions; (a) the final contract and reports and statements of the Project indicated under Section 7.03 (a)(iii) shall be presented commencing with the fiscal year in which the Project is initiated and not with the year following such initiation, and (b) the certification of the statements and information contemplated under Section 7.03(b) shall be made by the firm of independent chartered accounts provided for under Section 4.02(b) above.

Section 7.02. Resources for General Inspection and Supervision. From the amount of the Financing, the sum of seventy-two thousand United States dollars (US\$72,000) is hereby allocated to cover the Bank's expenses for general inspection and supervision. Said sum shall be disbursed in quarterly and as far as possible equal installments and shall be entered as a credit to the accounts of the Bank without the necessity of an application by the Borrower.

CHAPTER VIII

Miscellaneous Provisions

Section 8.01. Entry into Effect. The parties agree that the Contract shall enter into effect on the date of its signature.

Section 8.02. Termination. Payment in full of the Loan and all interest and fees shall terminate the Contract and all obligations arising under it.

Section 8.03. Validity. The rights and obligations established in the Contract are valid and enforceable in accordance with its terms, and shall be subject to the legislation of any given country.

Section 8.04. Communications. Any notice, request, or communication from one party to another by virtue of the Contract shall be made in writing and shall be considered effected when the relevant document is delivered to the addressee at the respective address as given below, unless the parties agree otherwise in writing:

For the Borrower:

(For matters related to execution of the Project)

Mail Address:

Ministry of Agriculture
P.O. Box 1001
Georgetown, Guyana

Cable address:

(For matters related to service of the Loan)

Mail Address:

Ministry of Finance
Main Street
Georgetown, Guyana

Cable Address:

MINFIN
GEORGETOWN (Guyana)

For the Bank:

Mail Address:

Inter-American Development Bank
808 17th Street, N.W.
Washington, D.C. 20577
U.S.A.

Cable Address:

INTAMBANC
Washington DC

CHAPTER IX

Arbitration

Section 9.01. Commitment to Arbitrate. For the solution of any controversy which may arise out of the 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 equally authentic copies in Washington, D.C., U.S.A., on the date above written.

GUYANA

Franklin E. Hope
Minister of Finance

INTER-AMERICAN DEVELOPMENT BANK

PART TWO

GENERAL CONDITIONS

CHAPTER I

Application of the General Conditions

Article 1.01. Application of the General Conditions. The policies embodied in these General Conditions apply to the respective contracts entered into by the Inter-American Development Bank with its borrowers, and accordingly the provisions hereof form an integral part of the Contract.

Definitions

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

- (a) "Bank" means the Inter-American Development Bank.
- (b) "Board of Executive Directors" 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" means the entity responsible for executing 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 present document, adopted by the Bank on November 2, 1976.
- (h) "Guarantor" means the party which guarantees the obligations contracted by the Borrower.
- (i) "Loan" means the funds disbursed from the Financing.
- (j) "Project" means the Project or Programme for which the Financing has been extended.
- (k) "Special Conditions" means the entirety of the provisions constituting Part One of the Contract.

CHAPTER III

Amortisation, Interest and Credit Fee

Article 3.01 Amortisation: The amortisation of the Loan shall be effected by the Borrower in accordance with the provisions set forth in the Special Conditions and those established hereinafter.

Article 3.02. Credit Fee. (a) The Borrower shall pay on the undisbursed balance of the Financing, other than that part in the national currency of the Borrower, a credit fee of 1/2 of 1% per annum, which shall begin to accrue 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 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; (ii) the Financing has been cancelled totally or partially pursuant to Articles 3.11 or 4.05 of these General Conditions, or pursuant to the Special Conditions; or (iii) disbursements have been suspended pursuant to Article 5.01 of these General Conditions.

Article 3.03. Computation of Interest and Credit Fee.

The interest and credit fee for less than a full six-month period shall be calculated on a per day basis, using a factor of three hundred and sixty-five (365) days per annum.

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 dollars as reasonably determined by the Bank pursuant to the provisions of Article 3.05(a).

(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 dollars to the sums disbursed in currencies not included in the preceding subparagraph which form part of the Fund for Special Operations.

(c) On the due dates established pursuant to the provisions of the Special Conditions, the Borrower shall pay, in the respective currencies disbursed, amortisation and interest on:

- (i) The amounts disbursed in the currencies referred to in subparagraph (b)(i) above; and
- (ii) Amounts equivalent in United States 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 paragraphs (a) and (b) (ii) of the preceding Article, the equivalency of other currencies in relation to the United States dollar shall be calculated by applying on the date of which the disbursement is made the exchange rate agreed upon by the Bank with the respective issuing 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 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 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 utilised by the corresponding monetary authority of the issuing country to sell United States 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 income from capital investments in the issuing country; (c) transfers

plied, i.e., the rate representing the highest number of units of the currency of such country per United States dollar.

- (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 be controlling, taking into consideration the realities of the foreign exchange market of the member 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 dollars of an expense incurred in the currency of the Borrower's country, the rate of exchange indicated in paragraph (a) above which is applicable on the date of such expense shall be utilised.

Article 3.06. Participations. The Bank may cede to other public or private institutions, in the form of participations to the extent it may deem proper, the rights corresponding to the Borrower's pecuniary obligations derived from the Contract. The Bank shall immediately inform the Borrower of any participations it may have.

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. 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 3.09. Application of Payments. All payments shall be applied first to the credit fee, then to interest due, and if balance exists, to installments of principal due.

Article 3.10. Advance Payments. Upon advance notice in to the Bank of at least fifteen (15) days, the Borrower may pay, on the 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 3.11. 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 3.12. Transactions Falling Due on Public Holidays. Any payment or other transaction which under the Contract should be performed on a Saturday or a day which is a public holiday according to the laws of the place where it is required to be done, shall be considered validly performed if carried out on the first business day immediately thereafter, and in such case no penalty whatever shall apply.

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 legal opinions which establish, with citations to the pertinent constitutional, legal, and regulatory dispositions, that the obligations undertaken by the Borrower in the Contract, and those of the Guarantor, if any, in the Guarantee Contract, are valid and enforceable. Such opinions shall also cover any other legal question that the Bank reasonably may 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 the Contract and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the Borrower shall indicate to the Bank whether such officials are to act jointly or separately.
- (c) It shall have been demonstrated to the Bank that resources have been assigned sufficient 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.
- (d) The Borrower, 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 subsequent progress reports referred to in Article 7.03 of these General Conditions. In addition to such other information as the Bank may reasonably request pursuant to the provisions of the Contract, the initial report shall include: (i) a list of the

the execution of the Project including, except with respect to a programme for the granting of credits, the details and specifications deemed necessary by the Bank; (ii) a calendar or schedule of work or for the granting of credits, as the case may be; (iii) a table of the origin and use of funds setting forth a detailed schedule of investments in accordance with the categories of investment established in Annex A of the Contract and an indication of the annual contributions needed from the various sources of funds from which the Project will be financed. When the Contract permits recognition of expenditures prior to its signature, 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 prior to the report.

- (e) The Executing Agency shall have presented to the Bank the plan, catalogue or code of accounts referred to in Article 7.01 of these General Conditions.

Article 4.02. 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 application and, in support thereof, shall have supplied, to the satisfaction of the Bank, such documents and other background materials as it may have required; and, (b) none of the circumstances described in Article 5.01 of these General Conditions shall have occurred.

Article 4.03. 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 paragraphs (a) and (b) of Article 4.01 and in Article 4.02 of these General Conditions have been fulfilled.

Article 4.04. Disbursements for Inspection and Supervision. The Bank may effect disbursements relating to the fee for general inspection and supervision provided for in the Special Conditions, without the necessity of an application by the Borrower or the Executing Agency, as the case may be, provided that the conditions for the first disbursement have been fulfilled.

Article 4.05. Period for Request in First Disbursement. If within one hundred and eighty (180) days from the date of the Contract, such later date as the parties may agree in writing, an appropriate request for disbursement has not been submitted to the Bank after the fulfillment of the conditions precedent to the first disbursement established in these General Conditions and in the Special Conditions, the Bank may terminate the Contract by notice to the Borrower. Disbursements made by the Bank for the fee for general inspection and supervision shall not be considered as pending requests for disbursement.

Article 4.06. Disbursement Procedures. The Bank may make disbursements against the financing by: (a) transferring directly to the Borrower the sums to which it is entitled under the terms of the Contract; (b) making payments on behalf of and in agreement with the Borrower to banking institutions; (c) constituting or replenishing the revolving fund referred to in Article 4.07 below; and (d) utilising such other methods 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 not less than the equivalent of fifty thousand United States dollars (\$US\$50,000) each.

Article 4.07. Revolving Fund. By charge to the financing and upon fulfillment of the requirements set forth in Articles 4.01 and 4.02 of these General Conditions and in the Special Conditions, when the

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to defray the costs pertaining to the execution of the Project and which, except by special agreement between the parties, shall not exceed 1% of the amount of the Financing. Upon request, the Bank may replenish this fund, entirely or in part, as the resources are used, provided that the requirements of Article 4.02 of these General Conditions and those which may be established in the Special Conditions have been fulfilled. The establishment and replenishment of the revolving fund shall be considered as disbursement for all purposes of the Contract.

Article 4.08. Availability of Local Currency. The Bank shall be obliged to make disbursements to the Borrower in local currency 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, on 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 for principal, fees, and interest, or for any other reason, under the 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 the country in which the Project is to be executed.

(d) Any restriction of the legal capacity, or any substantial change in the functions or assets of the Borrower or Executing Agency, or any modification, without the written concurrence of the Bank, of any condition fulfilled on the basis of the Resolution approving the Financing which was basic to the signature of the Contract or any basic condition fulfilled before the approval of the Resolution. Upon occurrence of any of the foregoing, the Bank may require the Borrower to provide reasoned and detailed information in order that the Bank may determine whether such restriction or modification might have an unfavourable effect on the execution of the Project. The Bank may suspend disbursements only if after hearing the Borrower and weighing the information or clarification received, or if the Borrower has failed to respond, the Bank considers that the restrictions, changes or modifications may 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, 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 the Contract or to fulfill the purposes for which it was entered into.

Article 5.02. Termination or Accelerated Maturity. If any of the circumstances set forth in paragraphs (a), (b), (c) or (e) of the preceding article continues for more than sixty (60) days, or if under paragraph (d) thereof the clarification or additional information provided by the Borrower or the Executing Agency, if any, is not satisfactory, the Bank may terminate the Contract with respect to the part of the Financing not yet disbursed and/or may declare immediately due and payable the entire Loan or any part of it together with interest and fees accrued up to the date of payment.

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: (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, as the case may be, has agreed to provide from the resources of the Financing to make payments to a supplier of goods or services.

Article 5.04. Nonwaiver of Rights. Any delay by the Bank in the exercise of the rights provided by this Chapter, or failure to exercise them, shall not be construed as a waiver by the Bank of any such rights nor as acquiescence in the circumstances that 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 the 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 diligence in conformity with sound financial and technical practices, in accordance with the plans, specifications, investment schedule, budgets, regulations, and other documents approved by the Bank,

(b) Any important modifications 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 and/or services which may be funded with the resources devoted to the execution of the Project, or in the categories of investments, shall require written consent of the Bank.

Article 6.02. Prices and Public Tender. (a) Contracts for construction and for the supply of services, as well as all procurement of goods 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.

(b) In the acquisition of machinery, equipment and other materials for the Project, and in the awarding of contracts for construction and other works, the system of public tender shall be utilised in each case in which the value of such acquisitions or contracts exceeds the equivalent of fifty thousand United States Dollars (US\$50,000). The procedures for tendering shall be agreed upon between the Bank and the Borrower.

Article 6.03. Use of Goods. The goods acquired with the resources of the Financing shall be used exclusively for the purposes of the Project. The express agreement of the Bank shall be necessary in the event the Borrower should desire to dispose of such goods for other purposes, and that construction machinery and equipment utilised in the execution of the Project may be dedicated to different uses after the Project has been completed.

Article 6.04. Additional Resources. (a) The Borrower shall contribute in a timely manner all national resources in addition to 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 the respective year.

CHAPTER VII

Records, Inspections and Reports.

Article 7.01. Records. The Borrower or the Executing Agency, as the case may be, shall maintain appropriate records for registering, in accordance with the plan, catalogue, or code of accounts approved by the Bank, the investments in the Project, both from the resources of the Loan and from the other funds to be provided for its complete execution. In the case of a specific project, the records shall include sufficient detail to show the goods acquired and the services contracted for, making it possible to identify the investments realised in each category and the utilisation of the goods and services so acquired and establishing a record of the progress and cost of the works. With respect to a program of credits, the records shall detail the credits granted and the utilisation of the repayments obtained thereon.

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 such officials, engineers, and other experts as the Bank shall deem to inspect at any time the progress of the Project and the equipment and materials involved therein and to examine such records and documents as the Bank may deem pertinent. In the fulfillment of their mission such experts shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such experts for the Project 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) Within sixty (60) days after the end of each calendar semester, or within such other period as the parties shall agree, reports on the execution of the Project in accordance with the standards which the Bank shall have transmitted to the Executing Agency.
- (ii) Such other reports as the Bank may reasonably request regarding the investment of the amounts lent, the use of goods acquired with such sums, and the progress of the Project.
- (iii) Within one hundred and twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year following that in which the Project was initiated, and while it continues in execution, three copies of the financial statements and complementary financial information, as of the close of such fiscal year, relating to the Project in its **entirety**.

- (iv) In addition, except when the Borrower is the member country or the Central Bank, within one hundred twenty (120) days following the close of each fiscal year of the Borrower, beginning with the fiscal year following that in which the Project was initiated, and while the obligations of the Borrower under the Contract continue, three copies of its financial statement as of the close of such fiscal year and complementary financial information relative to such

(b) The statements and information described in the foregoing subparagraphs (iii) and (iv) shall be certified by the respective official auditing authority in accordance with the standards required by the Bank and within the periods above-mentioned. Nevertheless, if the parties do not agree, or if the official entity is unable to perform the work in the manner indicated, the Executing Agency or the Borrower, as the case may be, shall contract the services of a firm of independent chartered accountants acceptable to the Bank, whose charges and expenses shall be paid by the Borrower or the Executing Agency.

CHAPTER VIII

Provision on Encumbrances

Section 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 loan, 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. The foregoing shall not apply to: (i) encumbrances created on purchased goods to assure the payment of the unpaid balance of the purchase price; and (ii) encumbrances created in banking operations to guarantee 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 or are received by the Borrower or any of its dependent agencies which are not autonomous entities with their own capital.

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 agreement between the parties, either directly or through their respective arbitrators. If the parties or the arbitrators fail to agree on who shall be the Referee, 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, he 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 there is such, both shall be considered a single party and consequently shall act jointly in the designation of the arbitrators 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 Organisation 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, U.S.A. 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 consider necessary. In any case, it shall give the parties the opportunity of making oral presentations.

(b) The Tribunal shall proceed ex aequo et bono, basing on the terms of the 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 by the concurrent vote of at least two members of the Tribunal. It shall be handed down within sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, on account of special and unforeseen circumstances, such period should be extended; it shall be notified to the parties by means of a communication signed by at least two members of the Tribunal; it shall be complied with within (30) days from the date of notification; and it shall be final and not be subject to any appeal whatever.

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. From the convening of the Tribunal, the parties shall agree on the remuneration of the persons who by mutual agreement they decide 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 proceeding or to the award shall be made in the manner provided in the respective Contract. The parties expressly waive any other form of notification.

ANNEX A

Description of Project

I. Objectives

The Project seeks (i) to rehabilitate and expand the system of irrigation and drainage for the Black Bush area of north eastern Guyana and (ii) to strengthen the technical capabilities of the Executing Agency to assist in the improvement of the production of rice and other food crops in the Project area.

II. Description

The following investments are included in the execution of the Project:

A. Works and Equipping

- (1) The construction of a new 1,000 cubic feet per second (cusec) pumping plant on the Berbice river at the intake of the existing Torani canal for the transfer of water to the Canje river;
- (2) the rehabilitation of the Torani canal to restore it to its original capacity of 1,000 cusec and of the bend of the Canje river, between the outlet of the Torani Canal to the Manarabisi (Block III) pumping plants to contain a maximum discharge of about 1,800 cusec;
- (3) the construction of a new 300-cusec pumping plant on the Canje river to replace the existing 30-year old plant which supplies Block III and Frontlands through the Manarabisi canal;
- (4) the rehabilitation of the Manarabisi canal (10 mi) to Block III and of the Seaford distributary (8 mi), including the construction of approximately 15 new main regulators, to increase the water delivery rate into the water courses;
- (5) the construction of a new 500 cusec capacity pumping plant adjacent to the Black Bush Polder pumping plant on the Canje river, to serve the Frontlands and supply additional water to the polder;
- (6) the upgrading of the capacity of the Black Bush main canal (7 mi), the North and South branch canals (7 mi), and the distributaries (22 mi) to convey the additional supply to the polder and the Frontlands;
- (7) the improvement of existing water delivery and drainage facilities in the polder, to provide water to 4,000 acres that cannot now be irrigated and to correct certain obstacles to drainage in the Lesbeholden and Mibicuri homestead areas;
- (8) the rehabilitation and improvement of the irrigation and drainage systems and the improvement of on-farm development in the Frontlands areas;
- (9) the construction of 15 miles of an all-weather access road, including its bridges;
- (10) the construction and installation of five sluice structures in the new main drains in the Frontlands area together with the installation of about 1,000 cusec of drainage pumping to supplement discharge through the sluices.

- (11) the construction of a new centrally located Project headquarters having some 6,000 ft² of office space and security storage, fuel storage facilities, parking area and fencing, as well as the construction of 2 operation and maintenance stations at Benab and the Polder having similar facilities but with less office space;
- (12) the construction of paddy rice drying and storage facilities in the Frontlands and Block III areas with capacity of about 200,000 bags (140 lb.) per month. This shall include additional yard drying space as well as mechanical dryers and flat storage in covered sheds.

B. A technical cooperation component comprising two distinct complementary programmes shall be carried out as follows:

- (1) A technical cooperation programme financed in disciplines of agricultural research and extension on-farm and water management, weed and pest control, soil fertility, seed processing and testing, and equipment operation and maintenance.
- (2) A thirty-six (36) month of consultant services for the purpose of assisting the Executive Agency in the preparation of the operational and maintenance procedures and a system of water charges and collection procedures.

C. The Loan will be used to finance partially a package consisting of:

- (1) civil works associated with: (a) bank improvements of the Torani Canal and along the Canje River, from the Torani Canal outlet to the Manarabisi Pumping Plant; (b) the Berbice, Manarabisi and Black Bush Pumping Plant; (c) the acquisition and installation of pumping equipment for the Berbice and Manarabisi Pumping stations and
- (2) consultants services for the preparation of operational and maintenance procedures and for studies aimed at developing a system of water rates and collection.

III. Total Cost of the Project

- (a) The total cost of the Project is estimated at the equivalent of US\$45,948,000 and will be financed by a number of international financial agencies, in accordance with the schedule in Table I.
- (b) The total cost of the Project components to be financed by the Bank will amount to the equivalent of US\$7,370,000, of which the Bank will finance the equivalent of US\$7,200,000 and the Borrower, the equivalent of US\$170,000 in accordance with the schedule in Table II.

IV. Financing of the Project

Based on discussions held with the other financing agencies involved in the Project, the following is a proposed financing plan showing source and use of funds and origin and use of currencies.

(equivalent in thousands of US\$)

<u>Source</u>	<u>Source of Funds</u>		<u>Use of Funds</u>		<u>Total</u>
	<u>Foreign Exchange</u>	<u>Local Currency</u>	<u>For ign Currency</u>	<u>Local Currency</u>	
Loan	7,200		5,518	1,682 ^{1/}	7,200
IDA/IFAD	20,000		15,328	4,672 ^{2/}	20,000
SAID	8,900		7,070	1,830	8,900
Borrower	2,568	<u>7,280</u>	<u>68</u>	<u>9,780</u>	<u>9,848</u>
Total	38,668	<u>7,280</u>	<u>27,984</u>	17,964	<u>45,112</u>
%	84.2	15.8	60.9	39.1	100

^{1/} Represents 23.4% of Bank participation

^{2/} Represents 23.4% of IDA/IFAD participation.

Consulting Services

The selection and contracting of consulting services totals partially financed with the resources of the Bank financing be subject to the procedures set forth in the Loan Contract appropriate, with the understanding that in applying such procedures, the Borrower shall not establish any provision condition which would restrict or preclude in any way the participation of consultants from member countries of the

Bidding

The specific bidding requirements shall permit unrestricted participation of bidders from member countries of the Bank accordingly no conditions precluding or restricting the participation of such bidders shall be established in such specific requirements.

TABLE I

Summary of Total Project Cost by Individual Institutional Financing
(US\$ Thousands)

<u>Categories of Investment</u>	<u>Total Project Cost</u>	<u>IDA/IFAD 1/</u>	<u>U S A I D Loan</u>	<u>Grant</u>	<u>Bank Loan</u>	<u>Balance of Cost</u>
1. <u>Engineering, Administration and Supervision</u>	<u>4,359</u>	<u>280</u>	<u>3,040</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
1.1 Engineering, Administration and Supervision	3,679	-	2,640	-	-	1,000
1.2 Feasibility Studies	400	-	400	-	-	-
1.3 Project preparation	280	280	-	-	-	-
2. <u>Permanent Investment</u>	<u>16,400</u>	<u>11,431</u>	<u>480</u>	<u>-</u>	<u>2,320</u>	<u>2,169</u>
2.1 Civil works	15,600	11,431	-	-	2,320	1,849
2.2 Building	800	-	480	-	-	320
3. <u>Machinery, Equipment and Vehicles</u>	<u>4,040</u>	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>2,051</u>	<u>-</u>
3.1 Irrigation & Drainage pumps	2,840	789	-	-	2,051	-
3.2 Operation & Maintenance	1,200	1,200	-	-	-	-
4. <u>Concurrent Cost</u>	<u>7,557</u>	<u>-</u>	<u>3,890</u>	<u>1,357</u>	<u>375</u>	<u>1,935</u>
4.1 Farm Development	3,644	-	2,435	535	-	674
4.2 Seed Production and Testing	749	-	225	50	-	47
4.3 Extension and Research	1,896	-	407	772	-	717
4.4 Marketing Services	823	-	823	-	-	-
4.5 T/C Hydraulic Division	445	-	-	-	375	70
5. <u>Financial Costs</u>	<u>218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>68</u>
6. <u>Unallocated Costs</u>	<u>13,374</u>	<u>6,300</u>	<u>90</u>	<u>43</u>	<u>2,304</u>	<u>4,637</u>
6.1 Contingencies	3,848	2,000	90	43	715	1,000
6.2 Price escalation	<u>9,526</u>	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>1,589</u>	<u>3,627</u>
Total	<u>45,948</u>	<u>20,000</u>	<u>7,500</u>	<u>1,400</u>	<u>7,200</u>	<u>9,810</u>

1/ The exact distribution of investment categories will be determined by IDA, IFAD, and GOGY.

PAGE III

COST OF BANK FINANCED COMPONENTS
(In thousands of US\$)

<u>Categories of Investment</u>	<u>BANK</u>			<u>BORROWER</u>			<u>Total</u>
	<u>Foreign Costs</u>	<u>Local Cost</u>	<u>Sub-Total</u>	<u>Foreign Cost</u>	<u>Local Cost</u>	<u>Sub-Total</u>	
1. <u>Engineering, Administration and Supervision</u> 1/	-	-	-	-	-	-	-
2. <u>Permanent Investments</u>	<u>1,333</u>	<u>987</u>	<u>2,320</u>	-	-	-	<u>2,320</u>
2.1 Berbice Pumping Station	530	399	929	-	-	-	929
2.2 Torani Canal	141	104	245	-	-	-	245
2.3 Canje River Bank Improvement	171	123	294	-	-	-	294
2.4 Manarabisi Pumping Station	116	116	284	-	-	-	284
2.5 Black Bush Pumping Station	323	245	568	-	-	-	568
3. <u>Machinery and Equipment</u>	<u>1,950</u>	<u>101</u>	<u>2,051</u>	-	-	-	<u>2,051</u>
3.1 Berbice and Manaribisi Pumping Equipment for Stations	1,950	101	2,051	-	-	-	2,051
4. <u>Concurrent Costs</u>	<u>375</u>	-	<u>375</u>	-	<u>70</u>	<u>70</u>	<u>445</u>
4.1 Technical Cooperation	375	-	375	-	70	70	445
5. <u>Financial Costs</u>	<u>150</u>	-	<u>150</u>	<u>68</u>	-	<u>68</u>	<u>218</u>
5.1 Interest	78	-	78	-	-	-	78
5.2 Credit Commission	-	-	-	68	-	68	68
5.3 Inspection and Supervision	72	-	72	-	-	-	72
6. <u>Unallocated Costs</u>	<u>1,710</u>	<u>594</u>	<u>2,304</u>	-	<u>32</u>	<u>32</u>	<u>2,334</u>
6.1 Contingencies	545	170	715	-	10	10	725
6.2 Price Escalation	1,165	424	1,589	-	22	22	1,611
Total:	5,518	1,682	7,200	68	102	170	7,370

1/ The cost of Engineering, Administration and Supervision will be financed from USAID and CCGI contributions.

ANNEX B

SELECTION AND CONTRACTING OF THE CONSULTING FIRM

In the selection and contracting of the consulting firms (hereinafter referred to as "Consultants") (a) for engineering and supervision of the Project (Section 4.02(a) (iii) and (b) to assist the Hygiene Division of the Executing Agency in the preparation of; (i) operation and maintenance procedures, (ii) a system of water charges and (iii) rate collection procedures for the project (Section 4.03) the following shall be applicable:

I. DEFINITIONS

The following definitions are established:

1.01 A consulting firm is any legally constituted association, composed primarily of professional personnel, for the purpose of offering consulting services, technical advice, expert opinions, and professional services of other kinds.

For purposes of this Annex, non-profit organisations such as Universities, foundations, autonomous or semi-autonomous organisations and international organisations which offer consulting services, shall be considered as consulting firms.

II. CONFLICTS OF INTEREST

2.01 Resources of the Bank shall not be used to contract Consultants from the country of the Borrower if they are part of the permanent or temporary staff of the State or of the institution which receives the Financing or is the beneficiary of the service of the experts, or if they have pertained to such entity within six months prior to one of the following dates: (a) that of the presentation of the application; or (b) that of the selection of the individual expert, unless the Bank agrees to a longer period.

III. ELIGIBILITY AND NATIONALITY REQUIREMENTS

3.01 Only Consultants who are bona fide nationals of countries which are members of the Bank may be contracted.

3.02 The Borrower or the Executing Agency shall not establish any implementation of the procedures set forth in this Annex which may restrict or impede the participation of Consultants from member countries of the Bank.

3.03 To determine the nationality of a consulting firm the following criteria shall be considered:

- (a) The country in which the firm is duly established and legally organised.
- (b) The country in which the firm maintains its principal place of business.
- (c) The nationality of any firms or the citizenship or the bona fide residency of individuals possessing more than fifty percent (50%) of the ownership, with the right to participate in profits of more than fifty percent (50%) of the consulting firm, as established by the certification of a duly authorised officer of such firm.
- (d) The existence of arrangements whereby a substantial portion of the profits or other tangible benefits of the firm accrues to firms or individuals of a given nationality.

- (e) A determination by the Bank that the firm constitutes an integral part of the economy of a country, as evidenced by bona fide residency in the country of a substantial portion of the executive, professional and technical personnel of the firm; and that the firm has available in the country the operating equipment or other elements necessary to provide the services to be contracted.

3.04 The nationality requirements established by the Bank shall be applicable to firms proposed to provide part of the respective services in joint venture with or under sub-contract to a qualified consulting firm which itself meets the nationality requirements.

IV. PROCEDURES FOR SELECTION AND CONTRACTING

A. Selection and contracting of consulting firms

4.01 In the selection and contracting of consulting firms:

- (a) Prior to the selection of the firm, the Executing Agency shall submit the following to the agreement of the Bank:

- (i) The procedure to be used in selecting and contracting the firm. If it is estimated that the cost of the services will not exceed fifty thousand United States dollars (US\$50,000) or its equivalent, calculated in accordance with the provisions of Article 3.04 of the General Rules, it shall be sufficient that private competition for consulting services be carried out, or that some other similar method be applied. If it is expected, on the other hand, that the cost will exceed such amount, the selection and contracting shall be advertised in the national press and, warranted by the complexity and degree or specialization of the advisory assistance requested, in authorized foreign publications. Furthermore, the Bank shall be informed of these advertisements, and clippings thereof shall be sent to it specifying the date and the name of the publication in which they have appeared.

- (ii) The terms of reference (specifications) describing the work to be done by the firm, together with an estimate of the cost; and

- (iii) A list of at least three and no more than six firms from which proposals for the work would be invited.

- (b) Once the Bank has approved the foregoing requirements, the approved firms shall be invited to present proposals in conformity with the procedures and terms of reference approved.

- (c) In the invitations to present proposals the use of one or the other of the following procedures shall be specified as appropriate:

- (i) In the first case, a single sealed envelope including only the technical proposal, without a price quotation, shall be used. The Executing Agency shall examine the proposals received and establish their order of merit. If the complexity of the case so requires, the Executing Agency may resort at its own expense to a group of consultants to review the proposals and provide technical and expert advice in establishing the order of merit.

Once an order of merit has been established among the firms, the firm listed as first shall be invited to negotiate a contract. During these negotiations, the details of the terms of reference shall be reviewed completely to assure full and mutual understanding with the firm; the contractual and legal requirements of the agreement shall be reviewed, and finally, detailed costs shall be developed. If agreement cannot be reached with the firm on the terms of the contract, it shall be notified in writing that its proposal has been rejected and negotiations shall be initiated with the second firm and so on until a satisfactory agreement has been reached.

- (ii) In the second case two sealed envelopes shall be used for presenting proposals, the first containing the technical proposal exclusive of costs and the second containing the proposed costs for the services.

The Executing Agency shall analyse the technical proposals and establish their order of merit. Contract negotiations shall commence with the firm offering the best technical proposal. The second envelope presented by this firm shall be opened in the presence of one or more of its representatives and shall be utilised in the contract negotiations. All the second envelopes presented by the other firms shall remain sealed and, if an agreement is reached with the first firm, they shall be returned to the respective firms. If an agreement on the terms of the contract is not reached with the first firm, it shall be notified in writing of its rejection and negotiations shall be initiated with the second firm and so on until a satisfactory agreement is reached.

In-ability to agree on detailed costs or compensation for services, or a judgment on the part of the Executing Agency that such costs or compensation are inappropriate or excessive, shall be sufficient cause for notifying the rejection of the proposal and the initiation of negotiations with the firm which follows in the order of merit. Once a firm has been rejected it shall not be recalled for further negotiations on the contract.

- (d) The text of the proposed contract negotiated with the resulting firm shall be submitted to the approval of the Bank before the Contract is signed and the services are initiated. A true copy of the text as signed shall be promptly sent to the Bank.

VI. CURRENCIES OF PAYMENT TO CONSULTANTS

- 6.01 The following provisions are established with respect to the currencies with which Consultants shall be paid:

Contracts entered into with consulting firms shall reflect one of the following formulations, as the case may be:

- (i) If the consulting firm is domiciled in the country in which it is to perform the services, its compensation shall be paid exclusively in the currencies of that country except for expenses incurred in foreign exchange for foreign travel or per diem expenses abroad, which shall be reimbursed in dollars, or the equivalent in other currencies that form part of the Financing, except that in the country wherein the study is made.

- (ii) If the consulting firm is not domiciled in the country in which it is to perform the services, the highest possible percentage of its compensation shall be paid in the currency of the country and the rest in dollars or the equivalent in other currencies that form part of the Financing, except that of such country, with the understanding that the part corresponding to per diem expenses shall be paid in the currency of the country or countries in which the respective services are to be performed. In the event that the percentage to be paid in the currency of the country in which the services are to be performed is less than 30% of the total compensation of the consulting firm, a complete and detailed justification shall be submitted to the Bank for its examination and comments.
- (iii) In the case of a consortium composed of firms domiciled in the respective country and firms not domiciled therein, the part of the compensation which corresponds to each of the members shall be paid in accordance with paragraphs (i) and (ii) above, as pertinent.
- (iv) The provisions of Article 3.05(a) of the General Rules shall apply with respect to the rate of exchange.

VI. RECOMMENDATIONS OF CONSULTANTS

- 6.01 It is understood that the opinions and recommendations of the Consultants obligate neither the Borrower nor the Bank, and that they reserve the right to put forward such observations or exceptions as they deem appropriate.
- 6.02 The Borrower agrees to implement the recommendations of the Consultants or to present to the Bank satisfactory alternatives.

VII. SCOPE OF COMMITMENT OF THE BANK

- 7.01 It is agreed that the Bank assumes no commitment to finance all or part of any programme or project which, directly or indirectly, might result from the services performed by the Consultants or from the recommendations put forward by them or from the alternatives to which Section 6.02 of this Annex refers.

VIII. PURPOSE OF THE TECHNICAL ASSISTANCE TO THE HYDRAULICS DIVISION

The purpose of the technical cooperation is to assist the Hydraulics Division of the Executing Agency in the performance of: (i) operation and maintenance procedures; (ii) a system of water charges, and (iii) rate collection procedures for the Project.

IX. TERMS OF REFERENCE

The Terms of reference for the work of the Consultants are the following:

(a) Diagnosis

- (1) Evaluate the general organisation of the Executing Agency Hydraulics Division in general and that of the Project Engineer's office and also of the District Engineer's office in order to determine and define the following aspects:

functions and responsibilities relating to irrigation and drainage systems administration;

coordination of functions with other units of the
the Borrower

- efficiency and technical competency of operation and maintenance.
- (2) Evaluate the effectiveness of existing operation and maintenance systems, manuals and facilities to meet the requirements for an efficient operational organization.
 - (3) Evaluate the effectiveness of existing administrative financial and accounting systems and procedures to meet the requirements of efficient administration of irrigation and drainage service charges.
 - (4) Determine the feasibility and desirability of establishing a water charges system taking into account the following aspects relating to land and water tenancy status:
 - Economic foundation of water charges, opportunity cost (efficiency criteria), equity issues, costs of service.
 - Water use efficiency vs. tariff structures.
 - Efficiency, equity and resources considerations.
 - Legal and institutional problems for implementation of proposed charges.
 - (5) Determine the feasibility and desirability of established alternatives for:
 - Water delivery and drainage system according to different cropping patterns and seasons.
 - The costs of those services for different alternatives.
 - Different level of water charges, i.e.: recovery of O + M; O + M plus repairs; O + M plus partial recovery of original investment costs on the basis of "ability to pay" any other acceptable method.
 - Different level of subsidies for water services and different alternatives for generating GOGY's income to capital cost recovery.
 - (6) Present to the Executing Agency a diagnosis report which shall contain the conclusions and recommendations, based on, but not limited to the following aspects:
 - Evaluation of organization of O & M, water delivery, drainage.
 - system control and operation.
 - Evaluation of organization, procedures and structure of water charges.
 - Evaluation of procedures related to O & M and water charges.
 - Timetable for implementing the various tasks involved in the design, testing and evaluation of results, which are some of the most important phases of the study.

(b) Design and Reports

- (1) Prepare an organization chart of the O & M unit describing the functions and responsibilities assigned to it.

- (2) Establish a statistical and control system that will permit programming control and evaluation of the sizes and tenure of plots, cropping patterns, water deliveries.
- (3) Prepare a manual for a budgeting system for the Executing Agency/Hydraulics Division.
- (4) Prepare manuals, rules and procedures for the control of collecting of water charges; monthly and annual reports; programming and follow-up; internal audit, etc.
- (5) Prepare a manual for the administration, operation and maintenance of the drainage and irrigation system as well as the machinery and equipment.
- (6) Prepare a manual for an orientation and training programme for the O. & M.

Implementation

- (1) Start-up and adjustment of the systems and procedures to a point of self commanding.
- (2) As appropriate, data processing equipment installation operation.
- (3) Start-up of orientation and training program for both O. & M. and water charges.

(d) Evaluation and Control

This stage is to be carried out through periodic visits after the complete implementation of the Program or the appropriate specific recommendations and activities, if any.

ANNEX C

TENDER PROCEDURES

BALCK BUSH AREA IRRIGATION AND DRAINAGE PROJECT

I. Applicability

- 1.01 The following procedures will be followed in the selection and awarding of contracts for goods or services and the construction of works whenever the value of any of such contracts is expected to exceed the equivalent of one hundred thousand United States dollars (US\$100,000).
- 1.02 Procurement exclusively with local currency and other special conditions and procedures are set forth below in Chapter VI.

II. Tenders Committee

- 2.01 A special Tenders Committee shall be established to implement the procedures described herein, to oversee all procurement of goods and services for the Project and to ensure the most efficient use of available resources. Committee decisions shall be determined by majority vote.
- 2.02 The Committee shall be comprised of the following members:
- (a) Secretary to the Treasury or his deputy (Chairman)
 - (b) Permanent Secretary of the Ministry of Agriculture or designate.
 - (c) Ministry of Agriculture (2)
(Chief Hydraulics Officer)
(Chief Agriculture Officer)
 - (d) Ministry of Trade designate
 - (e) General Manager, Guyana Rice Board
 - (f) Controller of Customs or designate
 - (g) Technical Specialist
 - (h) A civil engineer

III. Prequalification of Contractors

- 3.01 Contractors intending to submit tenders for construction shall be required to be prequalified following the procedures set forth herein. However, at the request of the Borrower, the Bank may approve the waiver of the requirements of prequalification where the magnitude of the work to be undertaken would not warrant the utilisation of prequalification procedures.

Prequalification Notice

- 3.02 A prequalification notice shall be prepared and published in such a manner as to ensure the widest possible dissemination. Such Notice shall be published in two newspapers of general circulation in Guyana, at least twice on non-consecutive days, and sent to all embassies and consulates of all member countries of the Bank located either in Guyana or in a nearby country, when no embassy or consulate is physically located in Guyana, and directly to contractors believed to be interested in participating in such contracts; and for very large contracts, (Generally in excess of the equivalent of US\$ 2,000,000) notices shall be published in at least two international technical magazines or trade publications.

3.03 Such prequalification notice, which shall have been approved by the Bank prior to publication thereof, shall contain a brief description of the Project and of the type and magnitude of the construction proposed to be put to tender, approximate date or dates for the proposed invitations to tender, a statement that the Project is partially financed by the Inter-American Development Bank through its Fund for Special Operations, that eligibility with respect to nationality of prospective tenderers and origin of goods and services will be determined pursuant to the rules applicable to the utilisation of such Bank financing, the date by which applications for inclusion in the Register of Prequalified Contractors will be received, if applicable, and the address at which such applications are available.

B. Prequalification Application and Questionnaire

3.04 A prequalification application and questionnaire shall be prepared and after approval by the Bank sent to every prospective tenderer requesting a copy. Such application and questionnaire shall, at a minimum, request the following information:

- (a) Details concerning prospective tenderer with regard to its technical background, economic situation, experience in type of construction proposed to be undertaken, equipment owned or available, list and qualifications of personnel and any other information which would enable a proper judgment to be made as to the technical qualifications of the prospective tenderer.
- (b) Type of legal organisation of the prospective tenderer (i.e., corporation, partnership, etc.) together with articles of incorporation or other appropriate establishment documents; whether affiliate or subsidiary of any other organisation; if a consortium, name of leading member and all other members of the consortium and date of association, together with a copy of the consortium agreement. A separate questionnaire shall be filed with respect to each member of the consortium.
- (c) Information sufficient to determine the eligibility of the prospective tenderer with respect to nationality pursuant to rules established by the Bank for the utilisation of its resources. In this respect, each application must contain a sworn affidavit certifying that:
 - (1) the prospective tenderer is incorporated or legally organised in a member country of the Bank;
 - (2) the prospective tenderer has its principal place of business in a member country of the Bank;
 - (3) (i) the prospective tenderer is more than 50% beneficially owned by an acceptable firm or firms of such member country and/or other member countries and/or by citizens or bona fide residents of such member country or other member countries; and (ii) the prospective tenderer is an integral part of the economy of the member country where located;
 - (4) there is no arrangement whereby any substantial part of the profits or tangible benefits of the prospective tenderer will accrue or be paid to persons not citizens or bona fide residents of member countries; and
 - (5) at least 80% of all the persons who will perform services under the construction contract in question must be bona fide residents of Bank member countries.

For the purposes of subparagraph (3) above, a list of principal stockholders of corporations or companies shall be furnished indicating the name and record address of such stockholders together with a certification by the corporate secretary that he has no information that would indicate that the beneficial owner is not the stockholder of record and that the address of record is the bona fide address of such stockholder. Similar information shall be furnished with respect to any business enterprise organized as a partnership or cooperative.

In cases of consortia, or a joint venture (an association of 20 or more enterprises) the above information and statement shall be submitted with respect to each member of the consortium.

NOTE: CONSORTIA WHICH INCLUDE ONE OR MORE MEMBERS WHO ARE NOT ELIGIBLE DUE TO NATIONALITY AS DETERMINED BY THE ABOVE RULES WILL BE DISQUALIFIED.

The application and questionnaire shall contain a statement that any question as to eligibility with respect to nationality will be referred to the Bank whose decision shall be final in such matters.

- (d) Name and addresses of the bank or other financial entity proposed for the issuance of the required bid bond.

C. Closing Date for Receipt of Prequalification Questionnaire and Application

3.05 The notice referred to in Section 3.02 may indicate the closing date for inclusion in the Prequalification Register which date shall be at least 45 days from the date of last publication of the notice and at least 30 days prior to the date on which it is anticipated that invitations to tender would be sent to qualified contractors.

3.06 If, however, the notice referred to in Section 3.02 does not contain a closing date, then the intention to close the Register shall be published following the procedures set forth in Section 3.02 not less than 45 days prior to the closing date of the Register, indicating further the anticipated date on which invitations to tender would be sent to qualified contractors, which date shall be at least 30 days after the closing date of the Register.

D. Process of Prequalification

- 3.07 (a) Questionnaires and applications shall be evaluated by the Special Tenders Committee taking into consideration the technical and other qualifications of the applicants including the eligibility requirements with respect to nationality. The Special Tenders Committee will prepare a list of contractors recommended as qualified and send such list together with necessary background information to the Bank for its review. Any question as to the nationality of any prospective tenderer shall be brought to the attention of the Bank.
- (b) Once the list of prospective qualified tenderers has been approved by the Bank, all applicants shall be notified, whether or not included in the Register of Prequalified Contractors.
- (c) The names of prequalified contractors will be maintained on a Register and relevant information with respect to these contractors will also be recorded and the contractors graded according to the value of the contract amounts for which they are considered eligible to tender.

- (d) Applicants not considered qualified may request reconsideration of their application which shall be treated as a new application providing such application is received prior to the closing date of the Register.

IV. Procurement of Equipment, Material, Supplies and Other Goods

- 4.01 Prequalification of prospective suppliers of equipment, material, supplies and other goods, normally would not require prequalification and only the procedures set forth in Parts V and VI hereof need be followed. However, whenever such procurement involves the installation or erection of equipment, etc., then prequalification shall be required following the procedures set forth in Part III hereof. The Borrower may request the approval of the Bank to utilise prequalification for the supply of equipment, material, supplies or other goods, whenever it believes it would be in the Borrower's best interest to do so, or in exceptional cases, the Bank may require utilisation of prequalification procedures for the acquisition of such equipment, material or other goods.

V. Tenders

A. Notice to Prospective Tenderers

- 5.01 (a) In those cases where prequalification was not required or utilised, the Borrower, after approval by the Bank shall publish a Notice of Invitation to Tender in the manner set forth in Section 3.02.
- (b) Whenever prequalification was utilised, the Notice of Invitation to Tender shall be sent, after approval by the Bank, directly to all firms on the Prequalification Register eligible to undertake the proposed construction or in the case of suppliers, to supply the equipment, etc. proposed to be acquired. In addition, the Notice of Invitation to Tender shall also be published in the manner set forth in Section 3.02. Only those who have prequalified may be invited to tender.
- 5.02 The Notice of Invitation to Tender which may be sent together with the notice of qualification referred to in Section 3.07 (b), shall contain sufficient information to enable either firms on the Prequalified Register, or in the case where no prequalification was utilised or required, prospective suppliers, to obtain the necessary tender documents including as a minimum: Address where tender documents are available, deposit or price charged for such documents, deadline for submission of tenders, abbreviated specifications including magnitude and type of construction proposed, brief description of equipment or other materials proposed to be procured, a statement that the Project is partially financed by the Bank through its Fund for Special Operations and that eligibility with respect to origin of goods and services will be determined pursuant to the rules for the utilisation of such Bank financing.

B. Deadline for Submission of Tenders

- 5.03 Deadline for submission of tenders shall be not less than 60 days from mailing of Notice of Invitation to Tender, or 60 days from date of last publication, if no prequalification was required or utilised.

C. Tender Documents

5.04 Tender documents, after approval by the Bank, shall be sent to all prospective tenderers who have requested copies and have paid the deposit or fee, if any, except that such tender documents shall only be sent to those firms on the Prequalification Register where prequalification was required or utilised. Such tender documents shall contain sufficient information to enable prospective tenderers to submit a responsive tender and shall, as a minimum, contain the following:

- (a) Conditions of Tender, including required bid bonds and performance guarantees; currency to be utilised for payment, language in which tenders are to be written, date, time and place at which sealed tenders are to be opened; time period that tenders must remain valid, which should be not less than 120 days from opening of tenders; margin of preference for national suppliers, as set forth in Section 6.02.
- (b) Specifications including drawings, standards, description of work or equipment or other materials to be tendered, bill of quantities, etc.
- (c) Draft construction or supply contract proposed to be utilised which should contain full details as to the contractual arrangements proposed, including obligations of the contractor or supplier, definitions, provisions for bonds, indemnities and insurance, penalties and bonuses, percentage of payment to be retained, provision that no change in ownership of corporation or partnership or in members of consortium may be made during the life of the contract which would allow such ownership or change in membership to violate the rules for nationality eligibility, advances to be made, manner and currency of payments, settlement of disputes, termination and cancellation.
- (d) Tender Conference Schedule including time, date and place at which all tendering parties will be invited to discuss Project specifications and request clarification of tender documents. The minutes of such meeting shall be sent to all prequalified firms.
- (e) Other conditions including statements that all goods and services must originate in one or more member countries of the Bank and that Bank rules will be utilised to determine origin of such goods and services; that the prequalification questionnaire; tender documents and other information and material utilised in connection with the tender or supplied by the tenderers constitute part of the contractual arrangements; a statement that no tenders may be altered or amended after having been opened; and that any clarification of the procedures or documents made either on the initiative of the Special Tenders Committee or in response to inquiries will be sent to all prospective tenderers who have requested tender documents; statement that Special Tenders Committee will accept tender most convenient taking all factors into consideration, which need not be the tender offering the lowest price and that Special Tenders Committee may reject all bids if circumstances so require.
- (f) Where prequalification was waived pursuant to the provision of Section 3.01 the tender documents shall require prospective tenderers for construction contracts to include substantially the information requested by Section 3.04.

D. Receipt and Evaluation of Tenders

5.05 Opening of Tenders

Tenders, together with evidence of surety, shall be submitted in sealed envelopes and shall be treated pursuant to the following:

- (a) On the date and place set for opening of tenders, which place shall be open to all persons who have submitted tenders, the Chairman or other members shall unlock the box and remove and open the tenders found therein.
- (b) In cases where prequalification was required or utilised, the Chairman shall announce the tenders received from Contractors on the Register and all other tenders shall be rejected, or in the cases where prequalification was not required or utilised, the Chairman shall announce all tenders.
- (c) The Chairman and other members of the Committee shall initial the tenders and shall cause a note to be taken of the number of such tenders and of such further information as the Committee may require.

5.06 Evaluation of Tenders

- (a) Tenders eligible for consideration shall be evaluated by the Project Execution Office and returned to the Special Tenders Committee with recommendations for the decision of the Committee.
- (b) The tender recommended for award together with a report, analysing all tenders shall be submitted to the Bank for review and concurrence.
- (c) Subsequent to the acceptance by the Bank of the report and concurrence with the proposed award, the Officer-in-Charge of the Project Execution Office shall prepare the necessary documentation for the authorisation of award to the successful tenderer.

VI. Other Conditions and Procedures

6.01 Procurement Exclusively with Local Funds

Whenever it is contemplated that contracts for construction or for the supply of equipment, material or other goods are to be tendered utilising either the funds of the Borrower or the currency of the Borrower made available by the Bank Loan, that is, no foreign exchange from the Bank Loan is to be utilised, the Borrower may restrict the competition to national contractors and the equipment, material and other goods to those of Guyanese origin.

6.02 Participations of Tenderers from Member Countries

Whenever the goods and services to be acquired are to be financed totally or partially with the foreign exchange resources of the Bank Loan, the procedure and specific tender requirements shall permit free participation of bidders from member countries of the Bank, pursuant to the standards of eligibility governing the use of resources of the Fund for Special Operations. Consequently such procedures and/or specific requirements shall not contain any condition which may impede or restrict the participation of such bidders.

6.03 Origin of Goods and Services

Tenders will be presented with an indication of the origin of all goods. At the same time tenders should indicate the origin and costs of any technical services from outside Guyana.

6.04 Margins of Preference in the Procurement of Goods

A margin of preference may be applied in favor of tenders of goods produced in Guyana or, as the case may be, in countries which are members of the Caribbean Community (CARICOM) in accordance with the following rules:

(a) National Margin of Preference

- (i) Goods shall be considered to have originated in Guyana if the cost of the Guyanese materials, labor and services used to produce the item constitutes not less than 40% of the total cost of the item.
- (ii) In comparing tenders, the offered price of Guyanese products shall be the delivered price of the product at the project site, with deductions for: (1) import duties paid on significant raw materials or manufactured components, and (2) local sales, consumption and value-added taxes incorporated in the cost of the item being offered. Proof of the amounts to be deducted under (1) and (2) above shall be provided by the bidder solely for price comparison purposes.
- (iii) Also for price-comparison purposes, the offered price of products of external origin shall be the CIF price of the product (excluding import duties, consular fees and port taxes), to which shall be added the sum of: (1) port handling charges, and (2) any local transportation from the port or frontier point of entry to the project site.
- (iv) The following rules shall be observed in comparing offered prices for goods of local and external origin:
 - (1) the costs expressed in foreign currency shall be converted to their equivalent in dollars of Guyana at the rate of exchange agreed upon between the Borrower and the Bank in the Loan Contract.
 - (2) a margin of 15% or the actual customs duties, whichever is the lesser, shall be added to the offered price of foreign products, calculated as stipulated in (iii) above.

(b) Regional Margin of Preference

If the award was not made to a local supplier, a regional margin of preference may be applicable.

- (i) Goods will be considered of regional origin if:
 - (1) they were produced in a member country of CARICOM and satisfy the requirements established in the legal instruments governing that Community with respect to origin and other matters related to the programs for liberalization of regional trade, and (2) the local value added is not less than 40% of the total cost of the item.
- (ii) To the CIF price of the product tendered the local costs referred in paragraph (a) (iii) (1) and (2) above (National Margin of Preference) shall be added.

- (iii) The following rules shall be observed in comparing offered prices for goods originating in CARICOM countries and for goods originating in other eligible foreign countries.
- (1) The prices expressed in foreign currency shall be converted to their equivalent in dollars of Guyana on the same basis of calculation established in paragraph (a) (iv) (1) above;
 - (2) A margin of 15% or of the difference between the duties applicable to the goods if they originate in CARICOM and the duties applicable to the same goods if they originate in eligible foreign countries that are not members of that Community, whichever is the lesser, shall be added to the offered price of goods originating in countries which are not members of CARICOM; and
 - (3) If application of the above rules shows that the offer of the product originating in a member country of CARICOM is more convenient than the offer of the product originating in a country which is not a member of CARICOM, foreign exchange from the Loan may be used for the acquisition of the former.

6.05 Bank Approval or Concurrence

- (a) All documents utilised for tendering purposes, including prequalification, invitation to tender, draft contracts, etc., shall be approved by the Bank prior to their utilisation. Similarly, any modification or amendment to any such document made subsequent to Bank approval shall be submitted to and approved by the Bank prior to the distribution of such modification or amendment to prospective tenderers or other interested parties.
- (b) The proposed award of a contract shall be submitted to the Bank for its concurrence prior to such award being notified to the tenderers.

6.07 Rejection of Tenders

The Special Tenders Committee may reject all tenders, after consultation with the Bank, for any of the following reasons:

- (a) Where no tender meets the intent of the specifications or does not otherwise conform to the conditions of tender, or where there is evidence of collusion.
- (b) Where only one conforming tender is received, although the Special Tenders Committee, may recommend that such tender, if in the best interest of the Borrower and with the concurrence of the Bank, be awarded.
- (c) Where the lowest conforming tender substantially exceeds the official estimates.

6.08 New Invitation to Tender

- (a) The Special Tenders Committee shall issue a new invitation to tender whenever, for any of the reasons set forth in Section 6.06, all bids have been rejected or no conforming bids have been received. Such new invitations to tender may be limited to firms on the Prequalification Register in the cases where prequalification was required or utilised when it is believed that adequate responses will be received.

- (b) New invitations to tender shall be issued pursuant to the requirements of Sections 5.01 and 5.02 regardless whether prequalification was not required or was utilized. In the event the Prequalification Register is reopened because it is deemed desirable to augment the number eligible firms, the requirements of Sections 3.02 and 3.03 shall be followed. In the latter case, the invitation to tender shall be sent also to the firms then on the Prequalification Register. At the request of the Special Tenders Committee, the Bank may approve shortening the time periods required in the respective sections for the submission of applications for prequalification and/or for submission of tenders.

6.09 Limitations on Tenders

The purpose of these regulations is to ensure the widest possible competition in the procurement of goods and services to enable the Borrower to obtain the lowest possible price within the requirements of the rules relating to Bank financing. Accordingly the Borrower shall ensure that tender conditions and other documents and requirements shall permit the free participation of prospective tenderers in or from all the member countries of the Bank and shall impose no condition or procedures which would impede or improperly restrict the participation of such prospective tenderers.

6.10 Bank Participation in Tender Procedures

Tender procedures are exclusively the responsibility of the Borrower and the participation of the Bank is limited to review and concurrence wherever herein required. However, the Borrower, notwithstanding any decision of the Bank to withhold its approval or concurrence, may proceed with the action proposed; in which case the Bank may determine that financing under the Loan Contract will not be utilised and the Borrower would be required to utilise funds other than those derived from the Loan for the payment of the goods and/or services thereafter procured, in which case, the corresponding amount of the Bank Loan would be cancelled.

6.11 Disqualification of Contractors and Suppliers

Tender documents, including the prequalification application, shall include a provision stating that if any fee, commission, percentage, brokerage, contingent fee, gratuity, gift, or other consideration is offered, promised or accepted with respect to a tender offer to facilitate obtaining a contract or any favourable action under the Project or for any other similar reason whatsoever connected with this Project, such activity shall be subject to the full force and effect of the Laws of Guyana, and all contractors and/or suppliers connected with such activity may be immediately disqualified from participating in the Project in any way whatsoever, without liability of any sort to the Borrower or the Bank.