



The OPEC Fund for International Development

AGRT. NO. 1058H

DEBT RELIEF AGREEMENT
UNDER THE ENHANCED HIPC DEBT RELIEF INITIATIVE

BETWEEN

THE COOPERATIVE REPUBLIC OF GUYANA

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT

DATED

DECEMBER 21, 2005

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Article I DEFINITIONS

1.01 Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

- (a) "Fund" means the OPEC Fund for International Development established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) by virtue of the Agreement signed in Paris on January 28, 1976, as amended.
- (b) "Fund Management" means the Director-General of the Fund or his authorized representative.
- (c) "Loan" means the loan provided by virtue of this Agreement.
- (d) "Dollar" or the sign "\$" means the currency of the United States of America.
- (e) "Decision Point" under the Enhanced HIPC Debt Relief Initiative means November 16, 2000.
- (f) "Completion Point" means December 18, 2003, or such other date as the Fund shall determine as corresponding to the date on which the Fund finds that the Beneficiary has fulfilled or has undertaken to fulfil the agreed conditions for the provision of debt relief by the Fund under HIPC II.
- (g) "Debt Relief Program" means the debt relief program for the Beneficiary as described in the DSA.
- (h) "DSA" means the Debt Sustainability Analysis carried out by the International Development Association and the International Monetary Fund together with the Beneficiary, prior to the Decision Point, in order to assess whether assistance is needed

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under the HIPC Debt Initiative to ensure debt sustainability and, if so, the projected amount of debt relief required to attain debt sustainability at the Completion Point and thereafter notified to the Fund.

- (i) "Identified Debt" means the debt owed by the Beneficiary to the Fund and in respect of which debt relief is to be provided pursuant to this Agreement.
- (j) "Closing Date" means the terminal date, as provided in Section 2.07 of this Agreement, by which the loan proceeds would have been fully utilized by the Beneficiary in servicing its debt obligations to the Fund.
- (k) "Effective Date" means the date on which this Agreement shall come into force and effect.
- (l) "Present Value (PV)" in relation to Identified Debt means the discounted sum of all future debt service at a given discount rate.

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Article II DEBT RELIEF

2.01 The Fund hereby agrees to provide to the Beneficiary, on the terms and conditions set out in this Agreement, a total debt relief on Identified Debt in the amount of Five Million Four Hundred Thousand Dollars (US\$ 5,400,000) in end-1998 PV terms.

2.02 It is hereby understood that for the discharge of its above-mentioned debt relief obligations towards the Beneficiary, the Fund hereby agrees:

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- (a) to provide partial relief in the amount of Two Million Nine Hundred and Ten Thousand Dollars (US\$ 2,910,000) by extending a loan to the Beneficiary in the amount of Seven Million Five Hundred Thousand Dollars (US\$ 7,500,000); and
- (b) to deliver the balance of the debt relief in the amount of Two Million Five Hundred and Ten Thousand Dollars (US\$ 2,510,000) by re-structuring the terms and conditions of the Commodity Imports Program Loan Agreement No. 716Pg which has been identified by the Fund Management for that purpose and in accordance with the stipulations as contained in the Letter Agreement concluded in that behalf dated October 6, 2005, and duly countersigned by the Minister of Finance.

2.03 After this Agreement has been declared effective pursuant to Section 4.01, the entire proceeds of the Loan shall be transferred to a Dollar Account to be opened by the Beneficiary for this purpose with such bank to be designated with the prior concurrence of the Fund Management.

2.04 The amount transferred pursuant to Section 2.03 shall be deemed to have been withdrawn by the Beneficiary as of the date of such transfer and shall constitute a Dollar Account to be utilized in accordance with the terms of this Agreement.

2.05 The representative of the Beneficiary designated in, or in accordance with, Section 10.02 shall be authorized to make withdrawals from the Dollar Account established pursuant to Section 2.03 for the purposes set out in Section 2.06.

2.06 Unless the Fund Management otherwise agrees, withdrawals made pursuant to Section 2.05 shall only be made by the Beneficiary to meet the repayment of the principal amounts, together with the payment of interest and service charges thereon, on any debt due to the Fund, as and when such obligations fall due or otherwise as may be agreed upon between the Beneficiary and the Fund Management.

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2.07 The Closing Date is the date on which the Account opened pursuant to Section 2.03 would have been closed after the full utilization of the loan proceeds.

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Article III

DEBT RELIEF IMPLEMENTATION MODALITIES

3.01 The Beneficiary hereby mandates the Bank of Guyana (hereinafter referred to as the Executing Agency) to execute this Agreement on behalf of the Beneficiary in accordance with a Management Agreement to be concluded between the Beneficiary and the Executing Agency, and on such terms and conditions as shall be acceptable to the Fund Management.

3.02 (a) The Beneficiary shall implement this Agreement and cause the Executing Agency to implement the Management Agreement with due diligence and efficiency and in conformity with sound administrative, technical and financial practices required for the proper implementation thereof.

(b) In particular:

(i) the Beneficiary shall ensure that all services, facilities and staff necessary for the implementation of this Agreement are available for the foregoing purpose;

(ii) the Beneficiary shall cause the Executing Agency to make available, promptly as needed, the services, facilities, staff and other resources which are required for the implementation of the Management Agreement.

3.03 The Beneficiary:

(a) shall maintain or cause the Executing Agency to maintain records adequate to disclose the use of the proceeds of the Loan and to record the progress of implementation of this Agreement;

(b) shall furnish or cause the Executing Agency to furnish to the Fund Management at regular intervals all such information as the

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Fund Management shall reasonably request concerning the implementation of this Agreement;

- (c) shall enable the Fund Management's representatives to have access to the records mentioned in paragraph (a) above and to conduct any verification as any such representative may deem necessary; and
- (d) shall, upon full execution of the objectives of this Agreement, but in any event not later than three months after the Closing Date or such later date as may be agreed for this purpose between the Beneficiary and the Fund Management, prepare and furnish to the Fund Management a completion report, of such scope and in such detail as the Fund Management shall reasonably request, on the implementation of this Agreement.

3.04 The Beneficiary shall in all other respects cooperate and cause the Executing Agency to cooperate fully with the Fund to assure that the purposes of this Agreement will be accomplished, and shall:

- (a) promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of the purposes of this Agreement or the performance by the Beneficiary or the Executing Agency of its obligations thereunder;
- (b) exchange views from time to time with the Fund with regard to matters relating to the purposes of this Agreement and, in particular, with regard to the performance by the Beneficiary or the Executing Agency of its obligations under or pursuant to this Agreement.

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Article IV

EFFECTIVE DATE; TERMINATION OF THIS AGREEMENT

4.01 This Agreement shall become effective on the date upon which the Fund dispatches to the Beneficiary notice of its acceptance of the evidence required by Sections 4.02 and 4.03.

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4.02 The Beneficiary shall furnish the Fund with satisfactory evidence that:

- (a) the execution and delivery of this Agreement on behalf of the Beneficiary have been duly authorized and ratified according to the constitutional requirements of the Beneficiary;
- (b) the Management Agreement has been executed as stipulated in Section 3.01 and is valid and binding on the parties thereto;
- (c) the Beneficiary has completed the procedure of opening the Dollar Account specified in Section 2.03;
- (d) the designation of the authorized officials has been made as stipulated in Section 10.02; and
- (e) the Beneficiary's other creditors shall have agreed to provide debt relief to the Beneficiary under the Enhanced HIPC Debt Relief Initiative.

4.03 As part of the evidence to be furnished pursuant to Section 4.02, the Beneficiary shall furnish the Fund with a certificate issued by the Minister of Justice, or the Attorney General, or the competent legal department of the Beneficiary showing that this Agreement has been duly authorized and ratified by the Beneficiary; and that this Agreement and the Management Agreement referred to above constitute valid and binding obligations of the Beneficiary in accordance with their terms.

4.04 If this Agreement shall not have come into force and effect by March 31, 2006, this Agreement and all obligations of the parties hereunder shall terminate, unless the Fund Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

4.05 When the entire principal amount of the Loan shall have been repaid and all charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties hereunder shall forthwith terminate.

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Article V

CHARGES, INTEREST AND REPAYMENT OF THE LOAN

- 5.01 The Loan shall bear no interest.
- 5.02 The Beneficiary shall pay from time to time a service charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding, to meet the expenses of administering the Loan.
- 5.03 Service charges shall be paid in Dollars semi-annually on January 15 and July 15 in each year into an account of the Fund designated for this purpose by the Fund Management.
- 5.04 The Beneficiary shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to the Fund, in an amount equivalent to the Dollar amount due, according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in forty equal instalments commencing on January 15, 2011, after a grace period running up to that date, and thereafter in accordance with the Amortization Schedule to this Agreement. Each instalment shall be in the amount of One Hundred and Eighty-Seven Thousand Five Hundred Dollars (\$ 187,500) and each such instalment shall be transferred on the date of repayment to the Fund's account as shall be requested by the Fund Management.
- 5.05 (a) The Beneficiary undertakes to ensure that no other external debt shall have priority over this Loan in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of the Beneficiary. To that end, if any lien shall be created on any public assets (as defined in Section 5.05(c)), as security for any external debt, which will or might result in a priority for the benefit of the creditor of the external debt in the allocation, realization or distribution of foreign exchange, the lien shall *ipso facto* and at no cost to the Fund, equally and ratably secure the principal of, and the charges on, the Loan, and the Beneficiary, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason that provision cannot be made with

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respect to any lien created on assets of any of its political or administrative subdivisions, the Beneficiary shall promptly and at no cost to the Fund secure the principal of, and the charges on, the Loan by an equivalent lien on other public assets satisfactory to the Fund.

(b) The foregoing undertaking shall not apply to:

- (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of that property; and
- (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Beneficiary, of any political or administrative subdivision thereof or of any entity owned or controlled by, or operating for the account or benefit of, the Beneficiary or any such subdivision, including gold and other foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Beneficiary.

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Article VI

ACCELERATION OF MATURITY AND SUSPENSION

6.01 If any of the following events shall occur and shall continue for the period below, then at any subsequent time during the continuance of any such event, the Fund Management may, by notice to the Beneficiary, declare the principal of the Loan then outstanding to be due and payable immediately, together with the interest and service charges thereon, and upon any such declaration such principal, together with such interest and service charges, shall become due and payable immediately:

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- (a) A default shall occur and continue for a period of thirty days in the payment of any instalment of the principal, or of the interest or of the service charges under this Agreement or under any other loan agreement by virtue of which the Beneficiary shall have received a loan from the Fund;
- (b) A default shall occur in the performance of any other obligations on the part of the Beneficiary under this Agreement, or any other loan agreement, by virtue of which the Beneficiary shall have received a loan from the Fund, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Fund Management to the Beneficiary.

6.02 The Fund may by notice to the Beneficiary suspend or terminate the Beneficiary's right to make withdrawals from the loan if any of the events mentioned in Section 6.01(a) and (b) shall occur, or if any situation shall have arisen which shall make it improbable that the Beneficiary will be able to fulfil the conditions for the provision to the Beneficiary of debt relief under the Enhanced HIPC Debt Relief Initiative or that the Debt Relief Program can be carried out or if any other extraordinary situation shall have arisen which shall make it improbable for the objectives of this Agreement to be successfully carried out or for the Beneficiary to be able to perform its obligations under this Agreement.

6.03 Notwithstanding the acceleration of maturity of the Loan pursuant to Section 6.01 or its suspension pursuant to Section 6.02, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

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Article VII ENFORCEABILITY, ARBITRATION

7.01 The rights and obligations of the Parties to this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. No party to this Agreement shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

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7.02 The Parties to this Agreement shall endeavour to settle amicably all disputes or differences between them, arising out of this Agreement or in connection therewith. If the dispute or difference cannot be amicably settled, it shall be submitted to arbitration by the Arbitral Tribunal as hereinafter provided:

- (a) Arbitration proceedings may be instituted by the Borrower against the Fund or vice versa. In all cases, arbitration proceedings shall be instituted by a notice given by the complainant party to the respondent party.
- (b) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one by the claimant party, a second by the respondent party and the third (hereinafter called the Umpire) by agreement of the two arbitrators. If within thirty days after notice of the institution of arbitration proceedings the respondent party fails to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings. If the two arbitrators fail to agree on the Umpire within sixty days after the date of the appointment of the second arbitrator, such Umpire shall be appointed by the President of the International Court of Justice.
- (c) The Arbitral Tribunal shall convene at the time and place fixed by the Umpire. Thereafter, it shall determine where and when it shall sit. The Arbitral Tribunal shall determine all questions of procedure and questions relating to its competence.
- (d) All decisions of the Arbitral Tribunal shall be reached by majority vote. The award of the Tribunal, which may be rendered even if one party defaults, shall be final and binding on both parties to the arbitration proceedings.
- (e) Service of any notice or process in connection with any proceedings under this Section or in connection with any proceedings to enforce any award rendered pursuant to this Section shall be made in the manner provided in Section 10.01.
- (f) The Arbitral Tribunal shall decide on the manner in which the cost of arbitration shall be borne by either or both parties to the dispute.

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Article VIII EXEMPTIONS

8.01 This Agreement and any supplementary agreement between the Parties to it shall be free from any taxes, levies or duties levied by, or in the territory of, the Beneficiary on or in connection with the execution or registration thereof.

8.02 The principal of, and the service charges on, the Loan shall be paid without deduction for, and free from, any charges and restrictions of any kind imposed by or in the territory of the Beneficiary.

8.03 The special account opened pursuant to Section 2.03 shall be exempted from any taxes, levies or duties levied by, or in the territory of the Beneficiary.

8.04 All Fund documents, records, correspondence and similar material shall be considered confidential by the Beneficiary, unless otherwise agreed by the Fund.

8.05 The Fund and its assets shall not be subject to any measures of expropriation, nationalization, sequestration, custody or seizure in the territory of the Beneficiary.

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Article IX TERMINATION OF THE FUND

9.01 The Fund Management shall promptly inform the Beneficiary whenever any decision is taken for the dissolution of the Fund in accordance with the Agreement Establishing the Fund. In the event of such dissolution, this Agreement shall remain in force and the Fund Management shall advise the Beneficiary of such substitute arrangements for the administration of the Loan as may be devised by the appropriate authority of the Fund on such occasion.

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Article X

NOTICE; REPRESENTATION; MODIFICATION

10.01 Any notice, request or approval required or permitted to be given or made under this Agreement shall be in writing. Such notice, request or approval shall be deemed to have been duly given or made when it has been delivered by hand, mail, or telefax to the party to which it is required to be given or made, at the party's address specified below or at any other address as the party shall have specified in writing to the party giving the notice or making the request.

10.02 Any action required or permitted to be taken, and any documents required or permitted to be executed under this Agreement on behalf of the Beneficiary, shall be taken or executed by the Minister of Finance of the Beneficiary or another officer authorized by him in writing.

10.03 Any modification of the provisions of this Agreement may be agreed to, on behalf of the Beneficiary by written instrument executed by the representative of the Beneficiary designated by, or pursuant to, Section 10.02, provided that in the opinion of such representative the modification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement.

10.04 Each document to be delivered pursuant to this Agreement shall be in the English language. Documents in any other language shall be accompanied by an English translation thereof certified as being an approved translation and such approved translation shall be conclusive between the parties hereto.

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IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BENEFICIARY:



Name: H.E. Laleshwar Singh
High Commissioner of Guyana to the U.K.

Address: Ministry of Finance
Main and Urquhart Streets
Georgetown
Cooperative Republic of Guyana

Telefax: (591) 22 61284 / 53355

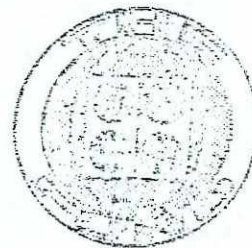
FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:



Name: H.E. Jamal Nasser Lootah
Chairman of the Governing Board

Address: The OPEC Fund for International Development
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COOPERATIVE REPUBLIC OF GUYANA
DEBT RELIEF AGREEMENT
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AMORTIZATION SCHEDULE

<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in US Dollars)
January 15, 2011	187,500
July 15, 2011	187,500
January 15, 2012	187,500
July 15, 2012	187,500
January 15, 2013	187,500
July 15, 2013	187,500
January 15, 2014	187,500
July 15, 2014	187,500
January 15, 2015	187,500
July 15, 2015	187,500
January 15, 2016	187,500
July 15, 2016	187,500
January 15, 2017	187,500
July 15, 2017	187,500
January 15, 2018	187,500
July 15, 2018	187,500
January 15, 2019	187,500
July 15, 2019	187,500
January 15, 2020	187,500
July 15, 2020	187,500
January 15, 2021	187,500
July 15, 2021	187,500
January 15, 2022	187,500
July 15, 2022	187,500
January 15, 2023	187,500
July 15, 2023	187,500
January 15, 2024	187,500
July 15, 2024	187,500
January 15, 2025	187,500
July 15, 2025	187,500

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Amortization Schedule cont'd

<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in US Dollars)
January 15, 2026	187,500
July 15, 2026	187,500
January 15, 2027	187,500
July 15, 2027	187,500
January 15, 2028	187,500
July 15, 2028	187,500
January 15, 2029	187,500
July 15, 2029	187,500
January 15, 2030	187,500
July 15, 2030	<u>187,500</u>
Total:	<u>7,500,000</u>