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GRANT AGREEMENT
ECONOMIC SUPPORT
PROGRAM NUMBER 504-0099
GRANT NUMBER 504-K-601

DATE: April 11, 1990

Between

The Government of
The Cooperative Republic of Guyana
("Grantee")

and

The Government of the
United States of America
acting through
The Agency for International Development ("A.I.D.")

ARTICLE I
THE ASSISTANCE

Section 1.1 The Grant

A.I.D., pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, agrees to grant to the Government of the Cooperative Republic of Guyana under the terms of this agreement an amount not to exceed NINE HUNDRED NINETY FIVE THOUSAND SEVEN HUNDRED UNITED STATES DOLLARS (U.S.\$995,700) (the "Grant") for balance of payments assistance in support of the Government of Guyana's Economic Recovery Programme.

ARTICLE II
CONDITIONS PRECEDENT TO
DISBURSEMENT BY AID

Section 2.1 Conditions

Prior to any disbursement of the Grant or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee shall, except as the parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., the following:

- a) An opinion of counsel that the Agreement has been duly subscribed and executed on behalf of the Grantee in accordance with the laws of the Cooperative Republic of Guyana, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all its terms.

- b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 6.6 and of any additional representatives, together with a specimen signature of each person specified in such statement.
- c) A letter from the Grantee describing the Government of Guyana's progress to date in implementing its Economic Recovery Programme, and its planned policy actions and quantitative targets for the period 1990 and 1991.
- d) Within the context of the arrangements agreed to by the Support Group for the clearance of Guyana's arrears, evidence that Guyana has secured adequate external assistance that will enable it to, immediately upon disbursement of this Grant, repay in full any amount in arrears to the International Monetary Fund, the International Bank for Reconstruction and Development and the Caribbean Development Bank.
- e) Evidence that the Grantee has established the Separate Account for dollar grant funds described in Section 3.1 of this Agreement, and a letter describing the mechanism by which funds will be disbursed from the account. The disbursement mechanism should include requirements for supporting documentation to permit monitoring of disbursement and requirements for periodic reports to A.I.D. on disbursements from the Account.

Section 2.2 Notification

When A.I.D. has determined that the conditions precedent specified in Section 2.1 have been met, A.I.D. will promptly notify the Grantee.

Section 2.3 Terminal Date for Conditions Precedent

If the conditions specified in Section 2.1 have not been met by June 15, 1990, or any such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE III
DISBURSEMENT TO THE GRANTEE

Section 3.1 Deposit in the Separate Account

The Grantee will request that the Bank of Guyana, in its function as the financial agent of the Grantee, establish a Separate Account in a United States Bank into which A.I.D. will deposit the dollar Grant funds after satisfaction of the conditions precedent set forth in Section 2.1, and upon receipt by A.I.D. of a written request for disbursement by the Grantee. Funds deposited in this account may not be commingled with other funds of the Grantee.

Section 3.2 Use of Funds

(a) Funds deposited by A.I.D. into the Separate Account as described in Section 3.1 herein, and any interest generated by such funds, shall be available to the Grantee prior to disbursement from such account, for the purpose of strengthening Guyana's international reserve position, the same as other foreign exchange accounts owned by the Government of Guyana.

(b) Disbursement of funds from the Separate Account, including interest generated by such funds, shall be made by the Grantee in accordance with the procedures established pursuant to Section 2.1 (d) above, for the following purposes and for no other purposes except as the Parties hereto may specifically agree to in an amendment to this Agreement: payment of debt service (including amounts in arrears) to the International Monetary Fund, the International Bank for Reconstruction and Development, and/or the Caribbean Development Bank.

(c) Funds deposited into this Account may not be used for financing military, paramilitary or police activities of any kind, including the procurement of commodities or services for such purposes and the servicing of debt originally contracted for such purposes.

Section 3.3 Date of Disbursement

Disbursement by A.I.D. will be deemed to occur on the date on which the proceeds of the Grant are disbursed by A.I.D. pursuant to Section 3.1.

Section 3.4 Terminal Date for Requesting Disbursement

Except as A.I.D. may otherwise agree in writing, the terminal date the Grantee may request disbursement by A.I.D. under this Agreement will be one-hundred twenty (120) days from the date of signing of this Agreement. In the event that disbursement of the Grant has not been requested by that date, or such later date as A.I.D. may agree to in writing, A.I.D. may, at its option, terminate this Agreement by written notice to the Grantee.

ARTICLE IV
SPECIAL COVENANTS

Section 4.1 Joint Review of the Economic Recovery Programme

Except as the Parties may otherwise agree to in writing, the Grantee hereby covenants that it will hold a joint review session with representatives of the U.S. Embassy in Georgetown and A.I.D. within six months of the date of this agreement in order to share information about the performance of the

Grantee's Economic Recovery Programme, especially progress made toward the goals of the program, as well as any other information which affects the stabilization and reactivation of the economy of Guyana.

ARTICLE V
LOCAL CURRENCY DEPOSIT REQUIREMENT

Section 5.1 Requirement for Local Currency Deposit

- a) Except as the parties may otherwise agree to in writing, the Grantee will deposit into the U.S. Disbursing Officer Account No. COMM. C/A 01-70-03866-5 in the Guyana Bank for Trade and Industry Limited the Guyana Dollar equivalent of NINETY NINE THOUSAND FIVE HUNDRED SEVENTY United States Dollars (U.S.\$99,570) within thirty (30) days after disbursement of the Grant amount in the manner described in Article III. The Guyana Dollar equivalent of NINETY NINE THOUSAND FIVE HUNDRED SEVENTY United States Dollars will be calculated by using the highest rate of exchange which, on the date of the deposit into the Special Account, is not unlawful in Guyana.
- b) Withdrawals of local currencies by A.I.D. from the Deposit Account will be made for use for technical and logistic support and overhead for United States Government economic assistance programs in Guyana in accordance with the Deposit Account Agreement between A.I.D. and the Grantee signed as of the date of this Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Administrative Follow-Up

The Department of International Economic Cooperation will provide support for administration and financial follow-up of the program.

Section 6.2 Taxation

This Agreement and the amount of the Grant hereunder shall be free from any taxation or fees imposed under any laws in effect, or which may become effective during the term of this Agreement, within Guyana.

Section 6.3 Implementation Letters

To assist the Grantee in the implementation of this Agreement, A.I.D., from time to time, will issue Implementation Letters that will furnish additional information about matters stated in this Agreement.

Section 6.4 Reports, Records, Inspections and Audits

The Grantee will:

- a) Furnish to A.I.D., in form and substance satisfactory to A.I.D., such information and reports relating to this Agreement as A.I.D. may reasonably request.
- b) Maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books, records, and underlying documentation as necessary, adequate to assure without limitation, compliance with this Agreement. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and will be maintained for three years after the date of the last disbursement by A.I.D. under this Agreement. This requirement to maintain adequate books, records, and underlying documentation as necessary applies to U.S. Dollar disbursements made pursuant to this Agreement.
- c) Afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the books, records and other documents relating to this Agreement and the use of Dollar disbursements made pursuant to this Agreement.

Section 6.5 Redeposit of Funds

If any U.S. Dollar funds provided under this Agreement are used for purposes not permitted under the Agreement, the Grantee will redeposit within 60 days after receiving notice by A.I.D. of such a breach, an equivalent amount of funds into the Dollar Separate Account to be used in accordance with the terms of this Agreement.

Section 6.6 Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, cable or telefacsimile, and will be deemed duly given or sent when delivered to such Party at the following address:

TO GRANTEE:

MAIL ADDRESS

Department of International Economic Cooperation
Brickdam and Avenue of the Republic
Georgetown, Guyana

TELEX ADDRESS

PRESS OF GY 02952205

TO AID

MAIL ADDRESS

Agency for International Development (A.I.D.)
Regional Development Office/Caribbean (RDO/C)
c/o American Embassy
Georgetown, Guyana

CABLE ADDRESS

USAID, American Embassy
Georgetown, Guyana

All such communications will be in English, unless the parties otherwise agree in writing. Other addressees may be substituted for the above upon the giving of notice.

Section 6.7 Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the position of Minister of Finance and A.I.D. will be represented by the person holding or acting in the office of Director, Regional Development Office for the Caribbean in Bridgetown, Barbados, each of whom may designate additional representatives. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement until receipt of written notice of revocation of their authority.

IN WITNESS THEREOF, the Government of the Cooperative Republic of Guyana and the Government of the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date and year first above written.

COOPERATIVE REPUBLIC OF GUYANA



H.O.S. Thompson for
Secretary to the Treasury

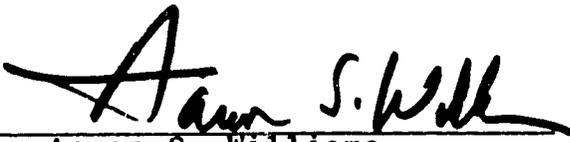


Carl B. Greenidge
Minister of Finance

THE UNITED STATES OF AMERICA



Theresa A. Tull
Ambassador to Guyana



Aaron S. Williams
Director
Regional Development Office/
Caribbean

DEPOSIT ACCOUNT AGREEMENT

DEPOSIT ACCOUNT AGREEMENT dated April 11, 1990, between the Government of the Cooperative Republic of Guyana and The United States of America, acting through the Agency for International Development.

ARTICLE I Introduction to Deposit Account Agreement

In accordance with the Technical Assistance Agreement between the Governments of the United States and Guyana, dated November 8, 1979, in which the United States of America (U.S.), acting through the Agency for International Development ("A.I.D.") has expressed the desire to assist Guyana in its efforts to stabilize its economy, the Government of Guyana (GOG) and the Agency for International Development hereby agree to the following arrangements in establishing and implementing a Deposit Account Agreement ("Agreement").

ARTICLE II Deposit Account

There is established a Deposit Account (The "Account") in the name of the U.S. Disbursing Officer, in a bank of A.I.D.'s choice, whose use is subject to the terms and conditions of this Agreement. The Account shall consist of such funds deposited into the Account by the Government of Guyana either before or subsequent to the signing of this Agreement.

ARTICLE III Use of Funds

A.I.D. and the GOG agree that funds deposited into the Account will be used for purposes in furtherance of the economic assistance programs of A.I.D. in Guyana, including local overhead, administrative and operating costs relating to A.I.D. personnel and staff assigned to Guyana, or relating to A.I.D. staff and personnel based elsewhere, but who are temporarily present in Guyana and assisting A.I.D. development programs in Guyana.

ARTICLE IV Disbursement of Funds

A.I.D. may disburse funds deposited into the Account for the purposes as specified in Article III in a manner deemed appropriate by the Director of the Regional Development Office/Caribbean or his designee. A.I.D. will disburse funds hereunder in accordance with normal A.I.D. disbursement procedures and practices.

ARTICLE V
Effectiveness of Agreement
and Termination

The Agreement will remain in effect until terminated by mutual written agreement of A.I.D. and the Government of Guyana, or upon termination of the United States assistance programs in Guyana, whichever is earlier. Termination of the Agreement will terminate the obligations of the Parties hereunder, except with regard to disbursement obligations which may have arisen pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Agreement, and subject to the procedures contained in Article X.

ARTICLE VI
Records and Inspections

A.I.D. will maintain records on all disbursements from the Account. Such records will be maintained for a period of three years following the last disbursement from the Account and may be inspected by representatives of the Government of Guyana at any reasonable time.

ARTICLE VII
Title of Property

A.I.D. will maintain records on non-expendable property directly utilized by A.I.D. and procured from funds supplied under this Agreement. These records may be inspected by representatives of the Government of Guyana at any reasonable time. All non-expendable property so purchased shall be transferred to the GOG when no longer required for the support of U.S. assistance programs in Guyana. Proceeds from the sale of such non-expendable property during the life of this Agreement shall be deposited into the Account.

ARTICLE VIII
Reports

A.I.D. will prepare and furnish a quarterly report to the GOG stating the amount and timing of deposits into the Account, the amount disbursed from the Account during the reporting period, and the balance remaining in the Account at the end of the reporting period.

ARTICLE IX
Consultations and Amendments

A.I.D. and the GOG will cooperate to assure that the purpose of the Agreement is carried out and will, at the request of either, exchange views on the Agreement and the activities financed under the Agreement. The Agreement may be amended by any form of written agreement between A.I.D. and the GOG.

ARTICLE X
Availability of Funds

Funds made available under the Agreement will remain available until expended. In the event of termination of the Agreement pursuant to Article V, funds which have not been committed pursuant to noncancellable commitments entered into with third parties prior to termination, will be disbursed from the Account for purposes to be mutually agreed upon by A.I.D. and the GOG.

ARTICLE XI
Communications

Any notice, request, document, or other official communication submitted by the GOG or A.I.D. to the other pursuant to this Agreement, will be in writing and in English. Notices will be deemed effective when delivered to A.I.D. or the GOG at the following addresses:

Government of Guyana:

Department of International Economic Cooperation
Brickdam and Avenue of the Republic
Georgetown, Guyana

A.I.D.

RDO/C Mission Director
c/o American Embassy
Georgetown, Guyana

Other addresses may be substituted for the above upon the giving of written notice.

ARTICLE XII
Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the position of Head, Department of International Economic Cooperation, and A.I.D. will be represented by the person holding or acting in the office of the Director of the USAID Regional Development Office for the Caribbean in Bridgetown, Barbados, each of whom may designate additional representatives. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement until receipt of written notice of revocation of their authority.

IN WITNESS THEREOF, the Government of the Cooperative Republic of Guyana and the Government of the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date and year first above written.

COOPERATIVE REPUBLIC OF GUYANA



Patrick Kendall,
Deputy Head,
D.I.E.C.

Dr. Cecil Rajana
Head, Department of International
Economic Cooperation

THE UNITED STATES OF AMERICA



Aaron S. Williams
Director
Regional Development Office/Caribbean