



LEGIII/GY-767340-06

July 27, 2006

Mr. Saisnarine Kowlessar
Minister of Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown, Guyana

RE: Loan Contracts 1750/SF-GY and 1751/SF-GY.
Support for Competitiveness Program.

Dear Minister Kowlessar:


We are pleased to inform you that on June 28, 2006 the Board of Executive Directors approved the financing for the above-captioned operations.

We are attaching hereto the negotiated versions of the corresponding Loan Contracts which include the Special Conditions and the General Conditions for both the Policy Based and the Investment Loans. Please note that the General Conditions incorporate policies that are applicable to all Bank financed operations while the Special Conditions and Annex A reflect specific provisions applicable to these particular operations. We are also enclosing herewith the Annex to the Investment Loan Contract.

All the attached documents include the registration numbers assigned to the operations. Once the date for signature of the respective Loan Contracts has been scheduled, the dates that appear in the Special Conditions will be revised.

We would appreciate it if you would keep us informed of any circumstances that may prevent or delay the signature of the attached Loan Contracts within the required ninety-day period from the date of their approval by the Board of Executive Directors.

Sincerely,


Bernadete Buchsbaum
Attorney
Legal Department LEG/OPR3

BB:as

Enc.

c.c.: Manuel Pacheco, Private Sector Specialist – RES/FI3

1750/SF-GY
Special Conditions

*Not signed. To be replaced
with signed copy when available*

27/09/06

Resolution DE-66/06

LOAN CONTRACT No. 1750/SF-GY

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

**Support for Competitiveness Program
(Policy-Based Component)**

October 15, 2006
(anticipated date)

LEGIII/GY-746292-06

LOAN CONTRACT

SPECIAL CONDITIONS

INTRODUCTION

Parties, Purpose, Constituent Elements, and Executing Agency

1. PARTIES AND PURPOSE OF THE CONTRACT.

CONTRACT entered into on October 15, 2006,^{1/} between the Co-Operative Republic of Guyana (hereinafter referred to as the "Borrower") and the Inter-American Development Bank (hereinafter referred to as the "Bank") to cooperate in the execution of the policy-based component of a program to support competitiveness (hereinafter referred to as the "Program").

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

(a) This Contract consists of these Special Conditions and the General Conditions, attached hereto. If any provision of the Special Conditions should present any inconsistency or contradiction with the General Conditions, the provisions of the Special Conditions shall prevail. Specific rules shall prevail over general rules.

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

3. EXECUTING AGENCY

The parties agree that the execution of the Program and the utilization of the resources of the financing granted by the Bank shall be carried out by the Borrower, through its Ministry of Finance, which, for the purposes of this Contract shall be referred to, without distinction, as either the "Executing Agency" or "MOF".

^{1/} This date and the others set forth below will not necessarily be those of the definitive text, but they bear the same relationship to each other as will those to be set forth in such text, once the date for the signature of the Contract has been established.

CHAPTER I

Amount of the Financing and Purpose

SECTION 1.01 Amount of the Financing. In accordance with this Contract, the Bank agrees to grant to the Borrower, and the Borrower accepts, a "Financing", chargeable to the resources of the Fund for Special Operations of the Bank, for up to the equivalent of eighteen million dollars (US\$18,000,000) or the equivalent thereof in other currencies forming part of such resources, except the currency of the Borrower. The amounts disbursed from the Financing shall constitute the "Loan". Unless otherwise stated in this Contract, the term "dollars" hereinafter signifies the currency of legal tender in the United States of America.

SECTION 1.02 Purpose. The purpose of the Financing is to support the implementation of a policy-based program, in order to assist the Borrower in enhancing its competitiveness and improving the business environment for private investment and export development.

CHAPTER II

Amortization, Interest, General Inspection and Supervision and Credit Fee

SECTION 2.01 Amortization. The Loan shall be completely repaid by the Borrower by means of semiannual, and, insofar as possible, equal installments. The first installment shall be paid on April 15, 2017, and the last installment, no later than October 15, 2046.

SECTION 2.02 Interest. The Borrower shall pay interest semiannually on the outstanding daily balance of the Loan at the rate of one percent (1%) per annum until the 15th of October of 2016, and two percent (2%) per annum thereafter, which shall accrue from the date of each respective disbursement. The first payment shall be made the 15th of April 2007, and the remaining payments on the 15th of April and October of each year.

SECTION 2.03 Resources for General Inspection and Supervision. From the amount of the Financing, the sum of one hundred and eighty thousand dollars (US\$180,000) is hereby allocated to cover the Bank's expenses for general inspection and supervision. Said sum shall be disbursed in quarterly and, insofar as possible, equal installments and shall be credited to the accounts of the Bank without the necessity of a request from the Borrower.

SECTION 2.04 Credit Fee. In addition to interest, the Borrower shall pay a credit fee pursuant to the provisions of Article 3.02 of the General Conditions. For this purpose it is hereby noted that the Board of Executive Directors of the Bank approved the Resolution relating to the Financing on June 28, 2006.