

---

---

**LOAN NUMBER 285 BG**

# **Loan Agreement**

**(British Guiana Credit Corporation Project)**

**BETWEEN**

**BRITISH GUIANA**

**AND**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**DATED JUNE 23, 1961**

---

---

---

---

LOAN NUMBER 285 BG

# Loan Agreement

(British Guiana Credit Corporation Project)

BETWEEN

BRITISH GUIANA

AND

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

DATED JUNE 23, 1961

---

---

## **Loan Agreement**

**AGREEMENT**, dated June 23, 1961, between **BRITISH GUIANA** (hereinafter called the Borrower) and **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT** (hereinafter called the Bank):

WHEREAS the Borrower has hitherto provided the financial resources of the British Guiana Credit Corporation (hereinafter called the Corporation) established for the purpose of providing development credit in British Guiana;

WHEREAS the Borrower has requested a loan from the Bank to provide a portion of the additional resources needed by the Corporation for lending for purposes agreed by the Bank, the Borrower and the Corporation; and

WHEREAS the said loan by the Bank is to be guaranteed as to payment of principal, interest and other charges by the United Kingdom of Great Britain and Northern Ireland upon the terms of the Guarantee Agreement;

NOW THEREFORE, the parties hereto agree as follows:

### **ARTICLE I**

#### **Loan Regulations; Definition**

SECTION 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

SECTION 1.02. Except where the context otherwise requires, wherever used in this Loan Agreement or in the Guarantee Agreement, the following terms shall have the following meanings:

The term "British Guiana" means the Government of British Guiana.

The term "British West Indies dollars" and the sign "BWI\$" means dollars issued by the Currency Board of the Eastern Group of British Caribbean Territories.

## ARTICLE II

### The Loan

SECTION 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to one million two hundred fifty thousand dollars (\$1,250,000).

SECTION 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

SECTION 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

SECTION 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ( $5\frac{3}{4}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

SECTION 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

SECTION 2.06. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

SECTION 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

SECTION 3.01. The Borrower shall cause the Corporation to apply the proceeds of the Loan exclusively to financing the cost of goods required for the purposes set out in Schedule 2 to this Agreement.

SECTION 3.02. The Borrower shall take reasonable measures to cause all goods financed out of the proceeds of the Loan to be used in the territory of the Borrower for the purposes set out in Schedule 2 to this Agreement.

### **ARTICLE IV**

#### **Bonds**

SECTION 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

SECTION 4.02. The Financial Secretary of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

### **ARTICLE V**

#### **Particular Covenants**

SECTION 5.01. (a) The Borrower shall cause the Corporation to carry out the Project with due diligence and efficiency and to conduct its operations and affairs in accordance with sound financial practices under the supervision of competent management.

(b) The Borrower undertakes that the Corporation shall be managed in such a manner and shall be permitted to charge such interest rates as to enable the Corporation to meet all its operating expenditures and charges, including, *inter alia*, administrative costs, rents, interest payable, depreciation, and bad or doubtful debts, and to accumulate adequate reserves.

(c) The Borrower undertakes that the legal status of the Corporation shall not be changed without the consent of the Bank.

(d) The Borrower shall, under arrangements satisfactory to the Bank, provide the Corporation or cause the Corporation to be provided with such funds as are needed to carry out the Project. Such funds shall include amounts in the currency of the Borrower equivalent to moneys withdrawn from the Loan Account.

(e) The Borrower undertakes that advances made by it to the Corporation prior to the date of this Agreement, or pursuant to Section 5.01(d) of this Agreement, shall not be repaid by the Corporation to the Borrower without the consent of the Bank.

(f) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof for the purposes of the Project, to record the progress of the Project (including disbursements therefor) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Corporation; shall enable the Bank's representatives to inspect works undertaken under the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the operations and financial condition of the Corporation.

SECTION 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territory of the Borrower and the international balance of payments position of the Borrower.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territory of the Borrower for purposes related to the Loan.

SECTION 5.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of

banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any statutory authority established by the Borrower or of any agency of the foregoing, including the assets of any central bank or other institution which the Borrower may at any time establish to perform the functions of a central bank or any currency authority established by the Borrower solely for the purpose of the Borrower.

SECTION 5.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territory; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

SECTION 5.05. This Agreement, the Guarantee Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territory on or in connection with the execution, issue, delivery or registration thereof.

SECTION 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territory.

**ARTICLE VI****Remedies of the Bank**

SECTION 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

**ARTICLE VII****Miscellaneous**

SECTION 7.01. For the purposes of Section 5.03 of the Loan Regulations, the Closing Date shall be September 30, 1963.

SECTION 7.02. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

SECTION 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

Financial Secretary  
Public Buildings  
Georgetown, British Guiana

Alternative address for cablegrams and radiograms:

Financial Secretary  
Georgetown, British Guiana

**For the Bank:**

**International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D. C.  
United States of America**

**Alternative address for cablegrams and radiograms:**

**Intbafrad  
Washington, D. C.**

**SECTION 7.04.** The Financial Secretary of the Borrower is designated for the purposes of Section 8.03 (A) of the Loan Regulations.

**IN WITNESS WHEREOF,** the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By /s/ J. BURKE KNAPP**  
*Vice-President*

**BRITISH GUIANA**

**By /s/ CHEDDI JAGAN**  
*Authorized Representative*

**SCHEDULE 1**  
**Amortization Schedule**

Date Payment Due	Payment of Principal (expressed in dollars)*
November 1, 1963	\$ 81,000
May 1, 1964	83,000
November 1, 1964	86,000
May 1, 1965	88,000
November 1, 1965	90,000
May 1, 1966	93,000
November 1, 1966	96,000
May 1, 1967	98,000
November 1, 1967	101,000
May 1, 1968	104,000
November 1, 1968	107,000
May 1, 1969	110,000
November 1, 1969	113,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

### Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 1 year before maturity..	$\frac{1}{2}$ of 1%
More than 1 year but not more than 3 years before maturity .....	2%
More than 3 years but not more than 5 years before maturity .....	$3\frac{1}{2}\%$
More than 5 years but not more than 7 years before maturity .....	$4\frac{3}{4}\%$
More than 7 years before maturity.....	$5\frac{3}{4}\%$

**SCHEDULE 2****Description of the Project**

The Corporation intends to make loans during the period January 1, 1961-June 30, 1963, to a total of approximately BWI\$5.9 million for the following purposes:

1. Mechanization of agriculture.
2. Land improvement.
3. Improvement of poultry raising and animal husbandry.
4. Processing of and storage facilities for rice and other agricultural products.
5. Logging and sawmills.
6. Water transport for agricultural and forestry products.
7. Improvement of marine and river fishing.

The Project consists of the augmentation of the funds available to the Corporation and the use by the Corporation of such additional funds, together with funds already available to the Corporation, to make loans for the purposes listed above.

**SCHEDULE 3****Modifications of Loan Regulations No. 4**

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows:

- (a) By the deletion of the second sentence of Section 4.01 and the substitution therefore of the following sentence:

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures prior to January 1, 1961, or on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.”

- (b) By the deletion of the second sentence of Section 4.03 and the substitution therefor the following sentence:

“Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to the making of loans by the Corporation for the purposes of the Project.”

- (c) By the deletion of subparagraphs (d), (e) and (f) of Section 5.02 and the substitution therefor of the following subparagraphs:

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement or the Bonds or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement.”

“(e) The Borrower shall have taken or permitted to be taken any action or proceeding whereby the undertaking of the Corporation, or any substantial part of such undertaking, shall or may be assigned or in any manner transferred or delivered to any other person, or whereby any property of the Corporation shall or may be distributed among the creditors of the Corporation.”

“(f) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Corporation or for the suspension of its operations.”

- (d) By the deletion of the last sentence of Section 7.04 (k) and the substitution therefor of the following sentence:

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or the Guarantor (as the case may be) except as such procedure may be available against the Borrower or the Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

- (e) By the deletion of the first sentence of Section 7.04 (l) and the substitution therefor of the following sentence:

“(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank and (to the extent that such proceeding is available against the Borrower or the Guarantor) upon the Borrower or the Guarantor in the manner provided in Section 8.01.”

- (f) By the insertion, after Section 8.03, of the following new Section:

“Section 8.03 (A). *Action on Behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.”

- (g) By the deletion of the second sentence in paragraph 7 of Section 10.01 and the substitution therefor of the following sentences:

“Whenever reference is made to the currency of the Guarantor, the term ‘currency’ means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the United Kingdom. Whenever reference is made to the currency of the Borrower, the term ‘currency’ means

coin or currency issued by the Currency Board of the Eastern Group of British Caribbean Territories, or such other coin or currency as may hereafter become legal tender for the payment of public and private debts in the territory of the Borrower.”

- (h) By the deletion of paragraph 12 of Section 10.01 and the substitution of the following paragraph:

“12. The term ‘goods’ means imported machinery, tools, materials, equipment and breeding stock required for the purposes of the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.”

- (i) By the deletion of paragraph 13 of Section 10.01 and the substitution therefor of the following paragraph:

“13. Where used in Section 3.01 of the Guarantee Agreement, the term ‘external debt’ means any debt payable in any medium other than currency of the Guarantor, whether such debt is payable absolutely or at the option of the creditor in such other medium; and, where used in Section 5.03 of the Loan Agreement, the term ‘external debt’ means any debt payable in any medium other than in currency of the Borrower, whether such debt is payable absolutely or at the option of the creditor in such other medium.”

- (j) By the deletion of the eighth paragraph of the Form of Bond set forth in Schedule 1 and the seventh paragraph of the Form of Bond set forth in Schedule 2 and the substitution therefor, in each such Schedule, of the following paragraph:

“The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any

nature or any restrictions now or at any time hereafter imposed under the laws of (name of Guarantor), or of (name of Borrower) or laws in effect in its territories; *provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of (name of Guarantor) on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of (name of Guarantor) or (b) under the laws of (name of Borrower) or laws in effect in its territories on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of (name of Borrower).'*