
Resolution DE-77/16
Resolution DE-78/16

LOAN CONTRACT No. 3779/BL-GY

between the

THE CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

Support to Improve Maternal and Child Health

February 21, 2017

LOAN CONTRACT

SPECIAL CONDITIONS

This loan contract, hereinafter the “Contract,” is entered into 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” and together with the Borrower, as the “Parties,” on February 21, 2017.

CHAPTER I

Purpose, Constituent Elements of the Contract and Special Definitions

SECTION 1.01. Purpose of the Contract. The purpose of this Contract is to establish the terms and conditions under which the Bank grants a loan to the Borrower to contribute to the financing and execution of the Support to Improve Maternal and Child Health (hereinafter referred to as the “Project”), the main aspects of which are set forth in the Annex.

SECTION 1.02. Constituent Elements of the Contract. This Contract is composed of these Special Conditions, the General Conditions, and the Annex.

SECTION 1.03. Special Definitions. In addition to the terms defined in the General Conditions, whenever the following terms are capitalized in this Contract, they shall have the meaning assigned to them below. Any reference to the singular includes the plural and vice versa.

- (a) ESMP, means the Environmental and Social Management Plan.
- (b) MoPH, means the Ministry of Public Health.
- (c) RM&ERP, means the Risk Management and Emergency Response Plan.

CHAPTER II

The Loan

SECTION 2.01. Amount of the Loan. In accordance with this Contract, the Bank agrees to lend to the Borrower, and the Borrower accepts, a loan of up to the amount of eight million Dollars (US\$8,000,000) hereinafter the “Loan.” The Loan is composed of the following portions and sources of financing:

- (i) up to the amount of four million Dollars (US\$4,000,000) chargeable to the resources of the Single Currency Facility of the ordinary capital resources of the Bank, hereinafter the “Ordinary Capital Financing”; and

- (ii) up to the amount of four million Dollars (US\$4,000,000) chargeable to the resources of the Fund for Special Operations, hereinafter the “Fund for Special Operations Financing”.

SECTION 2.02. Disbursement Requests and Disbursement Currency. The Borrower may request Loan disbursements from the Bank in Dollars, pursuant to Chapter IV of the General Conditions.

SECTION 2.03. Currency Availability. If the Bank is unable to obtain access to Dollars, the Bank, in agreement with the Borrower may disburse the Loan in another currency of its choice.

SECTION 2.04. Disbursement Period. The Original Disbursement Period will be five (5) years from the effective date of this Contract.

SECTION 2.05. Amortization. (a) The Loan shall be repaid by the Borrower in accordance to the provisions of Article 3.02 of the General Conditions. In the event the Loan, or a portion thereof, is disbursed in a currency other than Dollars (Section 2.03 above), the Borrower shall repay the Loan, or portion of the Loan, in the currency it was disbursed.

(b) **Ordinary Capital Financing.** The portion of the Loan disbursed chargeable to the Ordinary Capital Financing shall be repaid by the Borrower in semiannual, consecutive, and insofar as possible, equal installments. The first installment shall be due from the Borrower on the expiration date of the seventy-two (72) month period following the effective date of this Contract, and the last installment shall be paid no later than thirty (30) years from the signature date of this Contract. If the expiration date of the period for the payment of the first amortization installment does not fall on the 15th day of the month, the payment of the first amortization installment shall be made on the interest payment date immediately preceding the expiration date of such period. If the final amortization date does not fall on an interest payment date, the payment of the last amortization installment shall be made on the interest payment date immediately preceding the final amortization date.

(c) **Fund for Special Operations Financing.** The portion of the Loan disbursed chargeable to the Fund for Special Operations Financing shall be repaid by the Borrower in one single installment forty (40) years from the date of signature of this Contract. If the expiration date for the payment of the single installment of amortization does not fall on an interest payment date, the payment of such amortization installment shall be made on the interest payment date immediately preceding the date of expiration of such period.

SECTION 2.06. Interest. (a) **Ordinary Capital Financing.** The Borrower shall pay interest on the daily outstanding balances of the portion of the Loan disbursed against the Ordinary Capital Financing at a rate determined pursuant to the provisions of Article 3.05(a) of the General Conditions with a LIBOR-Based Interest Rate until the Determination Date of the Fixed Base Rate. As of the Determination Date of the Fixed Base Rate, a Fixed Interest Rate shall apply.

(b) **Fund for Special Operations Financing.** The Borrower shall pay interest payable on the portion of the Loan disbursed against the Fund for Special Operations Financing at the rate set forth in Article 3.05(b) of the General Conditions.

(c) Interest shall be payable to the Bank semiannually, beginning six (6) months from the date of entry into effect of this Contract, taking into account the provisions of Article 3.01 of the General Conditions.

SECTION 2.07. Credit Fee. The Borrower shall pay the Bank, on the undisbursed balance of the Ordinary Capital Financing, a credit fee as set forth in Article 3.03 of the General Conditions.

SECTION 2.08. Resources for General Inspection and Supervision. The Borrower shall not be required to cover the Bank's expenses for general inspection and supervision, unless the Bank determines otherwise as set forth in Article 3.07 of the General Conditions.

CHAPTER III **Disbursements and Utilization of the Resources of the Loan**

SECTION 3.01. Special Conditions Precedent to First Disbursement. In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions, the first disbursement of the Loan shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirements:

(a) The Permanent Secretary of MoPH has approved and put into effect the Project's Operations Manual (OM), in terms and conditions previously approved by the Bank;

(b) The following personnel have been hired in accordance with terms of references duly approved by the Bank: a project coordinator; a health systems specialist, a monitoring and evaluation specialist, and two fiduciary officers (one procurement officer and one financial officer); and

(c) The Steering Committee of the Project has been established by the MoPH.

SECTION 3.02. Utilization of the Resources of the Loan. The resources of the Loan may only be used to pay expenses that: (i) are necessary for the Project and are in accordance with its objectives; (ii) are carried out in accordance with the provisions of this Contract and Bank policies; (iii) are adequately recorded and documented in the Borrower's or Executing Agency's system; and (iv) are incurred after October 26, 2016 and before the expiration of the Original Disbursement Period or any extensions thereof; such expenses are hereinafter referred to as "Eligible Expenditures."

SECTION 3.03. Applicable Exchange Rate for Expenditures Incurred in Local Currency of the Borrower's Country. For purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable exchange rate shall be that indicated in paragraph (b)(ii) of

said Article. Accordingly, the agreed exchange rate shall be the exchange rate established by the Bank of Guyana on the effective date on/in which the Borrower, the Executing Agency or any other person or legal entity in whom the power to incur expenditures has been vested makes the related payments to the contractor, supplier, or beneficiary.

CHAPTER IV

Execution of the Project

SECTION 4.01. Executing Agency. The Borrower, acting through the MoPH shall be the Executing Agency of the Project.

SECTION 4.02. Procurement of Goods, Works, and Non-consulting Services. (a) For purposes of Article 2.01(35) of the General Conditions, the Parties agree that the Procurement Policies are those dated March 2011, which are contained in document GN-2349-9, approved by the Bank on 19 April 2011. If the Procurement Policies are amended by the Bank, the procurement of goods, works, and non-consulting services shall be carried out in accordance with the provisions of the modified Procurement Policies, once they are made known to the Borrower and the Borrower agrees in writing to their application.

(b) For the procurement of works, goods, and non-consulting services, any of the methods described in the Procurement Policies may be used, provided that such method has been identified for the respective procurement in the Procurement Plan approved by the Bank. The country system or subsystems described in Article 5.04(b) of the General Conditions may also be used.

(c) The threshold for determining the use of international competitive bidding will be made available to the Borrower or the Executing Agency, as the case may be, at www.iadb.org/procurement. Below that threshold, the selection method shall be determined according to the complexity and characteristics of the procurement, which should be reflected in the Procurement Plan approved by the Bank.

(d) Regarding the use of the national competitive bidding method, the respective national competitive bidding procedures may be used provided that, in the opinion of the Bank, these procedures ensure economy, efficiency, transparency, and general consistency with the provisions of Section I of the Procurement Policies, taking into account the provisions of paragraph 3.4 of the Procurement Policy, among others.

(e) The Borrower or the Executing Agency, as the case may be, agrees to obtain prior to awarding the contract for each of the works of the Project, if any, legal possession of the property where the construction of the respective work is to take place, easements or other rights required for its construction and use, as well as water rights required for the work in question.

SECTION 4.03 Selection and Contracting of Consulting Services. (a) For purposes of Article 2.01(10) of the General Conditions, the Parties agree that the Consultant Policies are those dated March 2011, which are contained in document GN-2350-9, approved by the Bank on

19 April 2011. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services shall be carried out in accordance with the provisions of the modified Consultant Policies, once they are made known to the Borrower and the Borrower agrees in writing to their application.

(b) For the selection and contracting of consulting services, any of the methods described in the Consultant Policies may be used, provided that such method for the respective procurement has been identified in the Procurement Plan approved by the Bank. The country systems described in Article 5.04(b) of the General Conditions may also be used.

(c) The threshold for determining the shortlist of international consultants will be made available to the Borrower or the Executing Agency, as the case may be, at www.iadb.org/procurement. Below that threshold, the shortlist may be composed entirely of national consultants of the Borrower's country.

SECTION 4.04. Procurement Plan Update. In order to update the Procurement Plan in accordance with the provisions of Article 5.04(c) of the General Conditions, the Borrower or the Executing Agency, as the case may be, shall use the procurement plan execution and monitoring system determined by the Bank.

SECTION 4.05. Other Documents Governing Project Execution. (a) The Parties agree the Project execution shall be governed by the provisions of this Contract and those established in the OM. If any provision of this Contract should present any inconsistency or contradiction with the OM, the relevant provision of this Contract shall prevail. Moreover, the Parties agree it shall be necessary to obtain the Bank's written consent prior to making any change to the OM.

(b) The OM defines all administrative, financial, procurement, and execution rules and procedures required for Project implementation and management and shall include, at a minimum, the following elements: (i) detailed description of implementation arrangements; (ii) definition of roles and responsibilities of all personnel; (iii) establishment of financial and procurement norms and flows; (iv) definition of the Steering Committee's structure and operationalization; (v) draft of the MoU; and (vi) Indicator Manual with detailed information on the indicators of the Results Matrix.

SECTION 4.06. Environmental and Social Management. For purposes of Articles 5.06 and 6.02 of the General Conditions, the Parties agree that Project execution shall be governed by the following provisions, which have been identified as necessary for compliance with the environmental and social obligations of the Project:

(a) Prior to the execution of the hospital activities under Component II (ii) and (iii) as specified in the Annex, the MoPH shall have implemented the ESMP; and

(b) Prior to the execution of hospital-related construction activities under Component II (ii) as specified in the Annex, the MoPH shall have implemented the RM&ERP.

SECTION 4.07. Maintenance. The Borrower undertakes to: (a) ensure that the works and equipment included in the Project are adequately maintained according to generally accepted technical standards; and (b) present to the Bank a report on the status of said works and equipment and an annual maintenance report within the first quarter of each calendar year up to one year after the expiration of the disbursement period of the Financing. If from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance does not meet the levels agreed upon, the Borrower and the Executing Agency shall undertake the necessary measures to correct these shortcomings.

CHAPTER V

Supervision and Evaluation of the Project

SECTION 5.01. Supervision of Project Execution. For purposes of Article 7.02 of the General Conditions, the documents that, as of the date of signature of this Contract, have been identified as necessary to supervise progress in the execution of the Project are:

(a) Project Execution Plan (PEP), which shall include comprehensive planning of the Project pursuant to the structure of the expected outputs set out in the Project Results Matrix, and the critical path of milestones or actions that must be taken to ensure that the Loan is disbursed within the period indicated in Section 2.04 of these Special Conditions. The PEP shall be updated as necessary, but especially whenever significant changes are made that delay—or may delay—the execution of the Project, or changes are made to output targets for intermediate periods. The Borrower shall reach agreement with the Bank regarding any updates to the PEP during the Project launch workshop and during the discussion of semiannual progress reports.

(b) Annual Work Plans (AWP) that shall be prepared on the basis of the PEP shall contain detailed work plans for each year.

(c) Semiannual progress reports that shall be presented within forty-five (45) days after the end of the corresponding semester and include the outcomes and outputs achieved in the execution of the AWP, the Procurement Plan, and the Project Results Matrix. The Borrower agrees to participate, through the Executing Agency, in joint evaluation meetings with the Bank, to be held within thirty (30) days following the receipt of the aforementioned reports. The report for the second half of each year shall include the proposed AWP for the following year, which shall be agreed upon with the Bank during the corresponding joint evaluation meeting.

SECTION 5.02. Supervision of the Financial Management of the Project. (a) For purposes of Article 6.03 of the General Conditions, as of the date of signature of this Contract, the following external audit financial reports and other reports have been identified as necessary to supervise the financial management of the Project: (i) mid-term unaudited financial reports as of June 30 of each year of the Project execution within forty-five (45) days after end of each semester (these reports will be part of the semiannual progress reports referred to in Section 5.01(c) above); (ii) annual audited financial reports of the Project, within one hundred and twenty (120) days after fiscal year end of the MoPH; and (iii) audited financial reports of the Project within one hundred and twenty (120) days after the date of last disbursement.

(b) For purposes of Article 6.03(a) of the General Conditions, the fiscal year of the Project is the period between January 1 and December 31 of each year.

SECTION 5.03. Evaluation of Results. A quasi-experimental evaluation will be performed at the end of the Project to estimate the impact of the 2 major components.

CHAPTER VI **Miscellaneous Provisions**

SECTION 6.01. Entry into Effect of the Contract. This Contract shall enter into effect on the signature date.

SECTION 6.02. Communications and Notices. (a) Any notice, request, communication, or report from one Party to another by virtue of this Contract related to the execution of the Project, with the exception of the notices indicated in paragraph (b) hereof, shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Borrower, unless the Parties agree otherwise.

For the Borrower:

Mailing address:

Ministry of Finance
49 Main and Urquhart Streets
Georgetown, Guyana

Facsimile: (592) 227-3931

Email address: minister@finance.gov.gy

For the Executing Agency:

Mailing address:

Ministry of Public Health
Lot 1 Brickdam
Georgetown, Guyana

Facsimile: (592) 225 4505

For the Bank:

Mailing address:

Inter-American Development Bank
Country Office in Guyana
47 High Street, Kingston
Georgetown Guyana

Facsimile: (592) 225 7138

Email address: IDBGuyana@iadb.org

(b) Any notice from one party to another by virtue of this Contract regarding matters other than those related to the execution of the Project, including disbursement requests, shall be made in writing and sent by certified mail, electronic mail, or facsimile addressed to its addressee at any of the respective addresses given below and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Borrower, unless the Parties agree otherwise.

For the Borrower:

Mailing address:

Ministry of Finance
Main and Urquhart Streets
Georgetown, Guyana

Facsimile: (592) 227-3931

Email address: minister@finance.gov.gy

For the Bank:

Mailing address:

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
U.S.A.

Facsimile: (202) 623-3096

Email address: IDBGuyana@iadb.org

SECTION 6.03. Commitment to Arbitrate. For the resolution of any conflict arising out of or connected with this 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 XI of the General Conditions.

IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Contract in two (2) equally authentic copies in Washington, District of Columbia, United States of America, on the date indicated above.

CO-OPERATIVE REPUBLIC OF GUYANA

INTER-AMERICAN DEVELOPMENT
BANK

/s/

/s/

The Honourable Winston Jordan
Minister of Finance

Luis Alberto Moreno
President

**LOAN CONTRACT
GENERAL CONDITIONS
August 2016**

**CHAPTER I
Application and Interpretation**

ARTICLE 1.01. Application of the General Conditions. These General Conditions are uniformly applicable to loan contracts for the financing of investment projects using the ordinary capital resources of the Bank and the Fund for Special Operations, which the Bank enters into with its member countries or with other borrowers that, for purposes of the respective loan contract, have the guarantee of a Bank member country.

ARTICLE 1.02. Interpretation. (a) **Inconsistency.** In the event of contradiction or inconsistency between the provisions of the Special Conditions, any annex of the Contract, and the Guarantee Contract or Contracts, if any, and these General Conditions, those provisions shall prevail over the provisions of these General Conditions. In the event of contradiction or inconsistency between provisions of a single element of this Contract, or between the provisions of the Special Conditions, any annex of the Contract, and the Guarantee Contract or Contracts, if any, the specific provision shall prevail over the general.

(b) **Headings and subheadings.** Any heading or subheading of the chapters, articles, clauses, or other sections of this Contract are included solely for reference and should not be taken into account in the interpretation of this Contract.

(c) **Periods.** Unless this Contract provides otherwise, periods expressed in days, months, or years shall be understood as calendar days, months, or years.

**CHAPTER II
Definitions**

ARTICLE 2.01. Definitions. Whenever the following terms are capitalized in this Contract or in the Guarantee Contract(s), if any, they shall have the meaning set forth below. Any reference to the singular includes the plural and vice versa. Any capitalized term used in paragraph 28 of this Article 2.01 and not otherwise defined herein shall have the meaning assigned to it in the 2006 ISDA Definitions, in accordance with the publication of the *International Swaps and Derivatives Association, Inc.*, as amended and supplemented, which is hereby incorporated into this Contract by reference.

1. “Additional Resources” means resources that are additional to those financed by the Bank, which are necessary for the complete and uninterrupted execution of the Project.
2. “Advance of Funds” means the amount of resources advanced by the Bank to the Borrower, chargeable to the Loan, to cover eligible expenditures of the Project, as provided in Article 4.07 of these General Conditions.
3. “Bank” shall have the meaning assigned to it in the Special Conditions.
4. “Bank’s Cost of Funding” means a cost margin calculated quarterly relative to a three-month (3-month) LIBOR Interest Rate in Dollars, using the weighted average cost of funding instruments applicable to the Single Currency Facility, expressed in terms of an annual percentage, as determined by the Bank.
5. “Board” means the Board of Executive Directors of the Bank.
6. “Borrower” shall have the meaning assigned to it in the recitals of the Special Conditions.
7. “Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City or, in the case of a Conversion, in the cities listed in the Conversion Notification Letter.
8. “Calculation Agent” means the Bank, except for the use of such term in the definition of LIBOR Interest Rate, in which case it will have the meaning assigned to it in the 2006 ISDA Definitions, in accordance with the publication of the *International Swaps and Derivatives Association, Inc.*, as amended and supplemented. Any determination made by the Calculation Agent shall be final, conclusive, and binding on the Parties (except in the case of manifest error), and, if made by the Bank as Calculation Agent, shall be duly documented and made in good faith and in a commercially reasonable manner.
9. “Closing Period” means a period of up to ninety (90) days from the expiration date of the Original Disbursement Period, or any extension thereof.
10. “Consultant Policies” mean the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank in force at the time of the approval of the Loan by the Bank.
11. “Contract” means this loan contract.
12. “Contracting Agency” means the entity with legal capacity to enter into contracts, and which, in agreement with the Borrower or the Executing Agency, as the case

may be, assumes all or part of the responsibility for the procurement of goods or works, consulting services or non-consulting services for the Project.

13. “Contracting Entity” means the entity with legal capacity to enter into a contract for the procurement of goods, works, consulting services, and non-consulting services with a contractor, supplier, consulting firm, or individual consultant, as the case may be.
14. “Determination Date of the Fixed Base Rate” means the 15th day of the months of January, April, July and October of each calendar year, following the date on which the minimum automatic conversion amount between the greater of three million Dollars (US\$3,000,000) or 25% of the net amount of the approved Loan (approved amount minus cancellations of the Loan) is reached.
15. “Dollar” means the legal tender of the United States of America.
16. “Eligible Expenditure” shall have the meaning assigned to it in the Special Conditions.
17. “Executing Agency” means the entity with legal capacity responsible for executing the Project and for using the proceeds of the Loan. Whenever there is more than one Executing Agency, these will be co-executing agencies and shall be referred to indistinctly as “Executing Agencies” or “Co-executing Agencies.”
18. “Financial Plan” means a tool for planning and monitoring the cash flows of the Project, which is used in coordination with other project planning tools, including the Procurement Plan.
19. “Fixed Base Rate” means the market swap rate on the effective date of the LIBOR-Based Rate fixing.
20. “Fixed Interest Rate ” means the sum of: (i) the Fixed Base Rate, as defined in Article 2.01(19) of these General Conditions, plus (ii) the ordinary capital lending spread expressed in basis points (bps) which shall be periodically determined by the Bank.
21. “Fund for Special Operations” means the Bank’s Fund for Special Operations.
22. “Fund for Special Operations Financing” means the portion of the Loan chargeable to the Fund for Special Operations.
23. “General Conditions” mean the entirety of articles which comprise Part Two of this Contract.
24. “Guarantee Contract” means the contract, if any, that guarantees the fulfillment of all or part of the obligations contracted by the Borrower under this Contract and

under which the Guarantor assumes other obligations for which it is liable.

25. “Guarantor” means the member country of the Bank or subnational entity thereof, as the case may be, that enters into the Guarantee Contract with the Bank.
26. “Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter” means the 15th day of the months of January, April, July, and October of each calendar year. The LIBOR-Based Interest Rate determined by the Bank on an Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter shall apply retroactively to the first fifteen (15) days of the respective Quarter, and shall continue to apply through and including the last day of the Quarter.
27. “LIBOR-Based Interest Rate” means the sum of the LIBOR Interest Rate and the Bank’s Cost of Funding, determined on an Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter.
28. “LIBOR Interest Rate” means the “USD-LIBOR-ICE,” which is the rate administered by the ICE Benchmark Administration (or any other entity which takes over the administration of that rate) for deposits in Dollars for a period of three (3) months that appears on the relevant page of the pages Bloomberg Financial Markets Service or Reuters Service, or, if unavailable, on the relevant page of any other service selected by the Bank that displays such rate, as of 11:00 a.m., London time, on the day that is two (2) London Banking Days preceding the Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter. If such LIBOR Interest Rate does not appear on the relevant page, the LIBOR Interest Rate for that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter will be determined as if the Parties had specified “USD-LIBOR-Reference Banks” as the applicable LIBOR Interest Rate. For these purposes, “USD-LIBOR-Reference Banks” means that the LIBOR Interest Rate for an Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter will be determined on the basis of the rates at which deposits in Dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on a day that is two (2) London Banking Days preceding that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter to prime banks on the London interbank market for a period of three (3) months, commencing on that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter and in a Representative Amount. The Calculation Agent or Agents utilized by the Bank will request the principal London office of each of the Reference Banks to provide a quotation of the LIBOR Interest Rate. If at least two (2) quotations are provided, the LIBOR Interest Rate for that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter will be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the LIBOR Interest Rate for that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter will be the arithmetic mean of the rates quoted by the major banks in

New York City, selected by the Calculation Agent or Agents utilized by the Bank, at approximately 11:00 a.m., New York City time, for loans in Dollars to the leading European banks for a period of three (3) months commencing on that Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter and in a Representative Amount. If more than one Calculation Agent provides a LIBOR Interest Rate to the Bank as a result of the procedure described above, the Bank will determine, at its own discretion, the applicable LIBOR Interest Rate on an Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter, based on the interest rates received from the Calculation Agents. For purposes of the foregoing provision, if the Interest Rate Determination Date of the LIBOR-Based Interest Rate for each Quarter is not a Banking Day in New York City, the LIBOR Interest Rates quoted on the first day immediately thereafter which is a Banking Day in New York City shall be utilized.

29. “Loan” shall have the meaning assigned to it in the Special Conditions.
30. “Local Currency” means any currency other than the Dollar that is legal tender in the countries of Latin America and the Caribbean.
31. “Ordinary Capital Financing” means the portion of the Loan chargeable to the Single Currency Facility.
32. “Original Disbursement Period” means the original period for disbursements of the Loan, which is set forth in the Special Conditions.
33. “Parties” shall have the meaning assigned to it in the introduction to the Special Conditions.
34. “Procurement Plan” means a tool for programming and monitoring the procurement related to the Project, in the terms described in the Special Conditions, Procurement Policies, and Consultant Policies.
35. “Procurement Policies” mean the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank in force at the time of the approval of the Loan by the Bank.
36. “Prohibited Practices” mean the practices prohibited by the Bank in connection with the activities it finances, as defined by the Board or that are defined in the future and communicated to the Borrower, including coercive practice, collusive practice, corrupt practice, fraudulent practice, and obstructive practice.
37. “Project” or “Program” means the project or program identified in the Special Conditions comprising a set of activities with a development objective that are financed by proceeds of the Loan.

38. “Quarter” means each of the following three-month (3-month) periods of the calendar year: the period beginning on January 1 and ending on March 31; the period beginning on April 1 and ending on June 30; the period beginning on July 1 and ending on September 30; and the period beginning on October 1 and ending on December 31.
39. “Semester” means the first or second six (6) months of a calendar year.
40. “Single Currency Facility” means the facility established by the Bank chargeable to its ordinary capital.
41. “Special Conditions” mean the entirety of provisions which comprise Part One of this Contract.

CHAPTER III

Amortization, Interest, Credit Fee, Inspection and Supervision, and Prepayments

ARTICLE 3.01. Dates of Payment of Amortization, Interest, Credit Fee, and Other Costs. Interest and amortization installments will be paid on the fifteenth (15th) day of the month, as set forth in the Contract. The dates for payment of an amortization payment, credit fee, and other costs shall always coincide with an interest payment date.

ARTICLE 3.02. Dates of Payment of Amortization. (a) Ordinary Capital Financing. The Borrower shall amortize the portion of the Loan disbursed against the Ordinary Capital Financing in semiannual, consecutive, and, insofar as possible, equal installments on the same dates as those established for the payment of interest in accordance with the Special Conditions.

(b) **Fund for Special Operations Financing.** The Borrower shall amortize the portion of the Loan disbursed against the Fund for Special Operations Financing in one single installment payable on the date set forth in the Special Conditions.

ARTICLE 3.03. Credit Fee. (a) Ordinary Capital Financing. The Borrower shall pay a credit fee on the undisbursed balance of the Ordinary Capital Financing, which shall begin to accrue sixty (60) days after the date of signature of the Contract. The amount of said fee shall be established by the Bank periodically, as a result of the review of financial charges for ordinary capital loans, and under no circumstance may exceed 0.75% per annum. The fee shall be payable in Dollars on the same dates as those specified for the payment of interest pursuant to the provisions of the Special Conditions.

(b) The credit 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; or (ii) the Loan has been cancelled totally or partially pursuant to Articles 4.02, 4.12, 4.13 or 7.02 of these General Conditions and the relevant provisions of the Special Conditions.

(c) **Fund for Special Operations Financing.** The Borrower shall not pay a credit fee on the Fund for Special Operations Financing.

ARTICLE 3.04. Computation of interest and credit fee. The interest and credit fee shall be calculated according to the exact number of days in the corresponding Semester.

ARTICLE 3.05. Interest. (a) Ordinary Capital Financing. (1) Interest shall be charged on the daily outstanding balances of the portion of the Loan disbursed against the Ordinary Capital Financing, until the Determination Date of the Fixed Base Rate, at an annual rate for each quarter as determined by the Bank on the Determination Date of the LIBOR-Based Interest Rate for each Quarter, calculated as follows: (i) the LIBOR-Based Interest Rate; (ii) plus the lending spread in force for loans of the ordinary capital of the Bank.

(2) As of the Determination Date of the Fixed Base Rate, interest shall be charged on the daily outstanding balances of the portion of the Loan disbursed against the Ordinary Capital Financing, at a Fixed Base Rate, determined by the Bank and calculated as follows: (i) the respective Fixed Base Rate; (ii) plus the lending spread in effect for ordinary capital loans. Once the Fixed Base Rate is determined, the Bank shall promptly notify the Borrower and the Guarantor, if any.

(3) The Parties agree that, notwithstanding any change in market practice that may, at any moment, affect the determination of the LIBOR Interest Rate, the Borrower's payments shall remain linked to the Bank's funding. For purposes of obtaining and maintaining such link under such circumstances, the Parties expressly agree that the Calculation Agent, seeking to reflect the Bank's corresponding funding, shall determine: (i) the occurrence of such changes; and (ii) the alternate base rate applicable to determine the appropriate amount to be paid by the Borrower. The Calculation Agent shall notify the Borrower and the Guarantor, if any, of the applicable alternate base rate, with no less than sixty (60) days prior notice. The alternate base rate shall become effective on the expiration of such notice period.

(b) **Fund for Special Operations Financing.** The interest rate chargeable to the portion of the Loan disbursed against the Fund for Special Operations Financing shall be 0.25% per annum.

ARTICLE 3.06. Currency Obligations. All disbursement and payments of amortization and interest shall be made in Dollars.

ARTICLE 3.07. Resources for Inspection and Supervision. The Borrower shall not be required to cover the Bank's expenses for general inspection and supervision, unless the Bank establishes otherwise during the Original Disbursement Period as a consequence of its periodic review of financial charges for ordinary capital loans, and notifies the Borrower accordingly. In this case, the Borrower shall indicate whether it will pay the corresponding amount of the portion of the Loan chargeable to the Ordinary Capital Financing directly to the Bank or whether such amount should be withdrawn and withheld by the Bank from the resources of the Loan. In no case may the Bank charge for a specific semester more than the result of applying one percent

(1%) of the portion of the Loan chargeable to the Ordinary Capital Financing, divided by the number of semesters comprising the Original Disbursement Period.

ARTICLE 3.08. Prepayments. (a) Pursuant to an irrevocable request in writing to the Bank, accompanied by the written consent of the Guarantor, if any, delivered at least thirty (30) days in advance, the Borrower may prepay all or part of any outstanding balance of the Loan, on any amortization payment date, provided that on the payment date no sum is due and outstanding with respect to fees or interest. The Borrower must specify in the request the amount the Borrower intends to prepay.

(b) Each partial prepayment shall be applied to the portion of the Loan disbursed against the Ordinary Capital Financing and the portion of the Loan disbursed against the Fund for Special Operations Financing in the same proportion that each one of these represents against the total amount of the Loan. The amount of the prepayment allocated to the portion of the Loan disbursed against the Ordinary Capital Financing shall be applied pro rata to each unpaid principal installment. The Borrower may not carry out prepayments of the outstanding balance of a Loan disbursed against the Ordinary Capital Financing for amounts of less than three million Dollars (US\$3,000,000), unless the total amount of the outstanding balance of the Loan allocated to the Ordinary Capital Financing is less than that amount. The amount of the prepayment allocated to the portion of the Loan disbursed against the Fund for Special Operations Financing shall be applied against the single amortization installment.

(c) Notwithstanding the provisions of sub-paragraph (b) above, in cases of partial or total prepayment of the outstanding balance of the Loan disbursed against the Ordinary Capital Financing, any gain or loss resulting from the cancellation or change of the Bank's funding associated with the corresponding prepayment will be either credited or charged by the Bank to the Borrower, as the case may be, within thirty (30) days from the date of prepayment. In the event of any gain, it will be credited first to any amounts due and payable by the Borrower to the Bank. The Bank shall also charge the Borrower any cost the Bank may incur as a result of failure on the part of the Borrower to comply with a partial or total prepayment of the outstanding balance of the Loan as previously requested in writing by the Borrower, in accordance with the provisions of this Article.

ARTICLE 3.09. Application of Payments. All payments shall be applied first to returns of Advances of Funds which have not been justified upon expiration of the Closing Period, then to fees and interest due on the payment date, and if a balance exists, to the amortization of installments of principal due.

ARTICLE 3.10. Transactions Falling Due on Non-Business Days. Any payment or other transaction which, pursuant to this Contract, should be effected on a day other than a Business Day, shall be considered validly effected if made on the first Business Day immediately thereafter, and in such case no penalty whatsoever shall apply.

ARTICLE 3.11. 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.

CHAPTER IV
Disbursements, Renunciation, and Automatic Cancellation

ARTICLE 4.01. Conditions Precedent to First Disbursement of Resources of the Loan.

Without prejudice to the other requirements set forth in the Special Conditions, the first disbursement of the resources of the Loan shall be subject to the fulfillment of the following requirements to the satisfaction of the Bank:

- (a) The Bank shall have received one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower in this Contract, and those of the Guarantor in the Guarantee Contracts, if any, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may deem relevant.
- (b) The Borrower or the Executing Agency, as the case may be, shall have designated one or more officials to represent it for purposes of requesting disbursements of the Loan and for other acts relating to the financial management of the Project, and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (c) The Borrower or the Executing Agency, as the case may be, shall have provided to the Bank information in writing, through its representative authorized to request disbursements of the Loan, regarding the bank account into which disbursements of the Loan are to be deposited. Separate accounts shall be required for disbursements in Local Currency and Dollars. This information will not be necessary in the event the Bank agrees that the resources of the Loan are to be posted in the Borrower's general treasury account.
- (d) The Borrower or Executing Agency, as the case may be, shall have demonstrated to the Bank that it has an adequate financial information system and internal control structure for the purposes indicated in this Contract.

ARTICLE 4.02. Period for Fulfilling the Conditions Precedent to First Disbursement. If within one hundred eighty (180) days from the effective date of this Contract, or within such longer period as the Parties may agree in writing, the conditions precedent to the first disbursement established in Article 4.01 of these General Conditions and other conditions precedent to the first disbursement agreed upon in the Special Conditions have not been fulfilled, the Bank may terminate this Contract in advance by giving notice to the Borrower.

ARTICLE 4.03. Conditions for All Disbursements. (a) As a condition for all disbursements and without prejudice to the conditions precedent to the first disbursement of the resources of the Loan established in Article 4.01 of these General Conditions and in the Special Conditions, if any, the Borrower or the Executing Agency, as the case may be, undertakes to present to the Bank in writing, whether physically or by electronic means, in such form and conditions as may

be specified by the Bank, a disbursement request together with the pertinent documents and other background materials required by the Bank. Unless the Bank agrees otherwise, the last disbursement request shall be presented to the Bank no later than thirty (30) days in advance of the expiration date of the Original Disbursement Period or any extension thereof.

(b) Unless the Parties agree otherwise, disbursements shall be made only in amounts of not less than the equivalent of one hundred thousand Dollars (US\$100,000) each.

(c) Any charge, fee, or expense assessed to the bank account into which disbursements of the resources of the Loan are deposited shall be borne by, and are the responsibility of, the Borrower or the Executing Agency, as the case may be.

(d) In addition, the Guarantor shall not be more than one hundred twenty (120) days late on the payment of sums owed to the Bank on any loan or guarantee.

ARTICLE 4.04. Income Generated in the Bank Account for Disbursements. Income generated from the resources of the Loan deposited in the bank account designated to receive disbursements shall be used to finance Eligible Expenditures.

ARTICLE 4.05. Disbursement Methods. At the request of the Borrower or the Executing Agency, as the case may be, the Bank may make disbursements of the resources of the Loan through: (a) reimbursement of expenditures; (b) Advance of Funds; (c) direct payments to third parties; and (d) reimbursement under a letter of credit guarantee.

ARTICLE 4.06. Reimbursement of Expenditures. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the reimbursement of expenditures method when the Borrower or the Executing Agency, as the case may be, has paid for Eligible Expenditures with its own resources.

(b) Unless the Parties agree otherwise, disbursement requests for reimbursing expenditures shall be made promptly to the extent that the Borrower or the Executing Agency, as the case may be, has incurred such expenditures, and not later than sixty (60) days following the conclusion of each calendar semester.

ARTICLE 4.07. Advance of Funds. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the Advance of Funds method. The amount of the Advance of Funds shall be set by the Bank on the basis of (i) the liquidity needs of the Project in order to cover periodic projections of Eligible Expenditures during a period of up to six (6) months, unless the Financial Plan provides for a longer period, which in no case may exceed twelve (12) months, and (ii) the risks associated with the capacity demonstrated by the Borrower or the Executing Agency, as the case may be, to manage and use the resources of the Loan.

(b) Each Advance of Funds shall be subject to: (i) the request for Advance of Funds being presented in a manner acceptable to the Bank; and (ii) with the exception of the first Advance of Funds, the Borrower or the Executing Agency, as the case may be, having presented a justification for the use of at least eighty percent (80%) of the total cumulative balances

pending justification for this purpose, and the Bank having accepted such justification, unless the Financial Plan specifies a lower percentage, which in no case may be less than fifty percent (50%).

(c) The Bank may, during the term of the Financial Plan, provide for a one-time increase in the amount of the last Advance of Funds granted to the Borrower or the Executing Agency, as the case may be, to the extent that additional resources are needed to pay Eligible Expenditures that were unforeseen in said plan.

(d) The Borrower or the Executing Agency, as the case may be, shall present the last Advance of Funds request no later than thirty (30) days prior to the date of the expiration of the Original Disbursement Period or any extension thereof, in the understanding that the justification for such Advance of Funds shall be presented to the Bank during the Closing Period. The Bank shall not disburse resources subsequent to the expiration of the Original Disbursement Period or any extension thereof.

(e) The value of each Advance of Funds to the Borrower or the Executing Agency, as the case may be, must be maintained in the equivalent value expressed in the disbursement currency. Eligible Expenditures incurred with resources of an Advance of Funds must be justified in the equivalent of the total amount of the Advance of Funds expressed in the disbursement currency, using the exchange rate established in this Contract. The Bank may accept adjustments in the justification of the Advance of Funds due to exchange rate fluctuations, provided that they do not impact the execution of the Project.

ARTICLE 4.08. Direct payments to third parties. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the method of direct payments to third parties, by means of which the Bank directly pays providers or contractors on behalf of the Borrower or the Executing Agency, as the case may be.

(b) In case of direct payments to third parties, the Borrower or the Executing Agency shall be responsible for payment of the amount equivalent to the difference between the amount of the disbursement requested by the Borrower or the Executing Agency and the amount received by the third party as the result of exchange rate fluctuations, commissions, and other financial costs.

ARTICLE 4.09. Reimbursement under a Letter of Credit Guarantee. The Borrower or the Executing Agency, as the case may be, may request disbursements through reimbursement under a letter of credit, in order to reimburse commercial banks for payments made to contractors or providers of goods and services by virtue of a letter of credit issued and/or confirmed by a commercial bank and guaranteed by the Bank. The letter of credit must be issued and/or confirmed in a manner satisfactory to the Bank. The resources committed under the letter of credit and guaranteed by the Bank shall be used exclusively for the purposes established in the letter of credit for as long as the guarantee remains in effect.

ARTICLE 4.10. Exchange rate. (a) The Borrower undertakes to justify, or to cause the Executing Agency to justify, as the case may be, expenditures chargeable to the Loan or the Additional Resources, expressing such expenditures in the disbursement currency.

(b) To determine the equivalence of an Eligible Expenditure incurred in the Local Currency of the Borrower's country to the disbursement currency, for purposes of accounting and justification of expenses, regardless of the source of financing of the Eligible Expenditure, one of the following exchange rates shall be used, pursuant to the Special Conditions:

- (i) the exchange rate in force on the date on which the disbursement currency is converted into the Local Currency of the Borrower's country; or
- (ii) the exchange rate in force on the date of payment of the expenditure in the Local Currency of the Borrower's country.

(c) In those cases in which the exchange rate established in paragraph (b)(i) of this Article is selected, to determine the equivalence of expenditures incurred in the Local Currency chargeable to the Additional Resources or the reimbursement of expenditures chargeable to the Loan, the rate used shall be the exchange rate agreed upon with the Bank in the Special Conditions.

ARTICLE 4.11. Receipts. At the request of the Bank, the Borrower shall sign and deliver to the Bank, upon completion of disbursements, a receipt or receipts for the amounts disbursed.

ARTICLE 4.12. Renunciation of Part of the Loan. The Borrower, with the concurrence of the Guarantor, if any, may renounce, by notice to the Bank, its right to utilize any part of the Loan which has not been disbursed before the receipt of such notice, provided that the resources of the Loan are not subject to the guarantee of an irrevocable letter of credit, pursuant to Article 7.04 of these General Conditions.

ARTICLE 4.13 Automatic Cancellation of Portion of the Loan. Upon expiration of the Original Disbursement Period and any extension thereof, any portion of the Loan not committed or disbursed shall automatically be cancelled.

ARTICLE 4.14. Closing Period. (a) The Borrower undertakes to carry out, or to cause the Executing Agency to carry out, as the case may be, the following actions during the Closing Period: (i) finalize pending payments to third parties, if any; (ii) reconcile its records and present to the Bank's satisfaction the supporting documentation relating to expenditures charged to the Project and other information that the Bank may request; and (iii) return to the Bank the unjustified balance of disbursed resources of the Loan.

(b) Notwithstanding the foregoing, if this Contract provides for external financial audit reports financed with resources of the Loan, the Borrower or the Executing Agency, as the case may be, agrees to reserve, in the manner agreed with the Bank, sufficient resources to cover the payment of the corresponding auditing services. In this case, the Borrower or the Executing Agency, as the case may be, also undertakes to agree with the Bank as to how the corresponding

payments for such audits will be made. In the event the Bank does not receive the above-mentioned external financial audit reports within the periods stipulated in this Contract, the Borrower or the Executing Agency, as the case may be, agrees to return to the Bank the resources reserved for such purpose, which shall not be construed as a waiver by the Bank to exercise the rights set forth in Chapter VII of this Contract.

CHAPTER V

Execution of the Project

ARTICLE 5.01. Financial Management Systems and Internal Control. (a) The Borrower shall maintain, or cause the Executing Agency and Contracting Agency, if any, to maintain, as the case may be, internal controls so as to reasonably ensure: (i) that Project resources are used for the purposes of this Contract, devoting special attention to the principles of economy and efficiency; (ii) that Project assets are adequately safeguarded; (iii) that Project transactions, decisions, and activities are duly authorized and executed in accordance with the provisions of this Contract and any other contract related to the Project; and (iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.

(b) The Borrower shall maintain, and shall cause the Executing Agency and the Contracting Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for: (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) contract administration; (iv) payment processing; (v) the issuance of financial audit reports and other reports associated with the resources of the Loan, the Additional Resources, and other financing sources of the Project, if any.

(c) The Borrower shall preserve, and shall cause the Executing Agency or the Contracting Agency, as the case may be, to preserve, the original records of the Project for a minimum period of three (3) years after the expiration date of the Original Disbursement Period or any extension thereof. Such documents and records shall be maintained adequately in order to: (i) substantiate Project-related activities, decisions, and transactions, including all expenditures incurred; and (ii) show the correlation of the expenditures incurred under the Loan to the respective disbursement made by the Bank.

(d) The Borrower shall include, or cause the Executing Agency and the Contracting Agency, if any, to include in all bidding documents, requests for proposals, and contracts financed with the resources of the Loan that they enter into, respectively, a provision requiring that providers of goods or services, contractors, subcontractors, consultants and their agents, personnel, subconsultants, subcontractors, or concessionaires contracted by them, keep all documents and records related to activities financed with resources of the Loan for a period of seven (7) years after completion of the work contemplated in the relevant contract.

ARTICLE 5.02. Additional Resources. The Borrower, directly or through the Executing Agency, as the case may be, commits to contribute Additional Resources in a timely manner. If, as of the approval date of the Loan by the Bank, it has been determined that Additional

Resources are needed, the estimated amount of such Additional Resources shall be that specified in the Special Conditions. Whether or not an estimate of the amount of the Additional Resources has been determined shall neither limit nor diminish the obligation of the Borrower, directly or through the Executing Agency, to contribute in a timely manner all additional resources which may be necessary for the complete and uninterrupted execution of the Project.

ARTICLE 5.03. General Provisions for Execution of the Project. (a) The Borrower shall execute, or cause the Executing Agency, as the case may be, to execute the Project in accordance with the objectives thereof, with due diligence in an economically, financially, administratively, and technically efficient manner, and in accordance with the provisions of this Contract and the plans, specifications, investment schedule, budgets, regulations, and other relevant documents of the Project approved by the Bank. The Borrower or the Executing Agency, as the case may be, further agrees that all of its obligations shall be fulfilled to the satisfaction of the Bank.

(b) Any significant modification of the plans, specifications, investment schedule, budgets, regulations, or other documents which the Bank approves, as well as any substantial change in contracts financed with resources of the Loan, shall require the written consent of the Bank.

(c) In case of contradiction or inconsistency between the provisions of this Contract and any plan, specification, investment schedule, budget, regulations, or other relevant document of the Project approved by the Bank, the provisions of this Contract shall prevail over those documents.

ARTICLE 5.04. Selection and Contracting of Works and Non-consulting Services, Procurement of Goods, and Selection and Contracting of Consulting Services. (a) Subject to the provisions of paragraph (b) of this article, the Borrower undertakes to carry out and, where appropriate, cause the Executing Agency or the Contracting Agency, if any, to carry out the procurement of works and non-consulting services, as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Borrower represents that it is aware of the Procurement Policies and Consultant Policies and undertakes to inform the Executing Agency, the Contracting Agency, and the specialized agency, as the case may be, of these Policies.

(b) When the Bank has validated a system or subsystem of the member country of the Bank where the Project will be executed, the Borrower or the Executing Agency, as the case may be, may carry out the procurement and contracting financed wholly or partially with resources of the Loan using such system or subsystem, in accordance with the terms of the validation of the Bank and applicable validated legislation and processes. The terms of such validation shall be notified in writing by the Bank to the Borrower and the Executing Agency. Use of the country system or subsystem may be suspended by the Bank when, in its opinion, changes have occurred in the parameters or practices the Bank used as the basis for its validation, until such time as the Bank determines whether such changes are compatible with international best practices. During such suspension, the Procurement Policies and Consultant Policies of the Bank will apply. The Borrower, directly or through the Executing Agency, as the case may be, undertakes to notify the

Bank of any change in the applicable legislation or processes that have been so validated. The use of country systems or subsystems does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurement and contracting of services be contained in the Procurement Plan and is subject to the remaining provisions of this Contract. The provisions of Section I of the Procurement Policies and Consultant Policies shall apply to all contracts, regardless of amount or contracting method. The Borrower agrees to include, or to cause the Executing Agency, as the case may be, to include in the model bidding documents, contracts, and instruments used in electronic or information systems (in physical or electronic media) measures to ensure the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the provisions on Prohibited Practices.

(c) The Borrower agrees to update, or to cause the Executing Agency, as the case may be, to maintain an updated Procurement Plan, and to update the Procurement Plan at least annually or more frequently, depending on the Project needs. Each updated version of the Procurement Plan shall be submitted for review and approval of the Bank.

(d) The Bank will conduct a review of the selection, contracting, and procurement processes, as set forth in the Procurement Plan. At any time during the execution of the Project, the Bank may change the method of review of these processes, with prior notice to the Borrower or the Executing Agency. The changes approved by the Bank shall be reflected in the Procurement Plan.

ARTICLE 5.05. Use of Goods. Except as otherwise expressly authorized by the Bank, any goods procured with the resources of the Loan shall be used exclusively for the purposes of the Project.

ARTICLE 5.06. Environmental and Social Safeguards. (a) The Borrower, directly or through the Executing Agency, as the case may be, agrees to carry out the execution (preparation, construction, and operation) of the activities included in the Project in accordance with the environmental and social policies of the Bank, pursuant to the specific provisions on environmental and social considerations included in the Special Conditions.

(b) The Borrower, directly or through the Executing Agency, as the case may be, agrees to immediately inform the Bank of any noncompliance with the environmental and social obligations set forth in the Special Conditions.

(c) The Borrower, directly or through the Executing Agency, as the case may be, agrees to implement a corrective action plan, agreed upon with the Bank, to mitigate, correct, and compensate any adverse consequences that may result from the failure to comply with the implementation of the environmental and social obligations set forth in the Special Conditions.

(d) The Borrower agrees to allow the Bank, whether directly or through the contracting of consulting services, to carry out supervision activities, including environmental and social audits of the Project, in order to confirm compliance with the environmental and social obligations set forth in the Special Conditions.

ARTICLE 5.07. Ineligible Expenditures for the Project. In the event that the Bank determines that an expenditure incurred does not meet the requirements to be considered an Eligible Expenditure or Additional Resources, the Borrower or the Executing Agency, as the case may be, shall take such actions as are necessary to remedy the situation, as required by the Bank, without prejudice to any other measures the Bank may exercise under this Contract.

CHAPTER VI

Supervision and Evaluation of the Project

ARTICLE 6.01. Inspections. (a) The Bank may establish such procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Borrower shall permit, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to permit the Bank, its investigators, agents, auditors, and experts it engages, to inspect, at any time, the Project and the facilities, equipment, and materials involved therein, and to examine such systems, records, and documents as the Bank may deem pertinent. In addition, the Borrower or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall ensure that their agents fully cooperate with the personnel which the Bank sends or designates for this purpose. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Borrower shall provide, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to provide to the Bank any documents relating to the Project that the Bank may request, in a form and within a time frame acceptable to the Bank. Without prejudice to any measures the Bank may take under this Contract in the event such documentation is not available, the Borrower or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) The Borrower shall include, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to include a provision in bidding documents, requests for proposals, and contracts entered into by them relating to the execution of the Loan in order to: (i) allow the Bank, its investigators, agents, auditors, or experts, to inspect accounts, records, and other documents relating to the submission of bids and to the performance of the corresponding contract or agreement; and (ii) provide that such accounts, records, and documents may be submitted to the auditors designated by the Bank for an opinion.

ARTICLE 6.02. Plans and Reports. To enable the Bank to supervise progress in the execution of the Project and the scope of its results, the Borrower, directly or through the Executing Agency, as the case may be, shall:

- (a) Present to the Bank the information, plans, reports, and other documents in such form and substance as the Bank may reasonably request, based on the progress of the Project and its level of risk;

- (b) Comply with the actions and obligations established in such plans, reports, and other documents agreed upon with the Bank;
- (c) Inform the Bank upon identifying any risks or significant changes that cause or may cause delays or difficulties in Project execution; and
- (d) Inform the Bank within no more than thirty (30) days of the initiation of any proceedings, claim, suit, or legal, arbitral, or administrative action relating to the Project and keep the Bank informed on the status thereof.

ARTICLE 6.03. External Financial Audit Reports and other Financial Reports.

(a) Unless the Special Conditions establish otherwise, the Borrower, directly or through the Executing Agency, as the case may be, shall present the Bank with the external financial audit reports and other reports identified in the Special Conditions within one hundred twenty (120) days following the closing of each fiscal year of the Project and within the Original Disbursement Period or any extension thereof, and within one hundred twenty (120) days following the date of the last disbursement.

(b) In addition, the Borrower, directly or through the Executing Agency, as the case may be, shall present to the Bank other financial reports in such form and with such content and frequency as the Bank may reasonably request during the Project's execution when, in the opinion of the Bank, the analysis of the level of the Project's fiduciary risk, complexity, or nature so warrant.

(c) Any external audit that may be required under the provisions of this Article and the corresponding provisions of the Special Conditions shall be performed by independent auditors who have been previously accepted by the Bank, or by a supreme audit institution previously accepted by the Bank, in accordance with auditing principles and standards acceptable to the Bank. The Borrower, directly or through the Executing Agency, as the case may be, shall authorize the supreme audit institution or the independent auditors to provide the Bank with such additional information it may reasonably request with respect to the external financial audit reports.

(d) The Borrower, directly or through the Executing Agency, as the case may be, shall select and contract the independent auditors indicated in paragraph (c) above, in accordance with the procedures and terms of reference agreed upon with the Bank. In addition, the Borrower or the Executing Agency, as the case may be, shall provide to the Bank any information it requests relating to the independent auditors under contract.

(e) In the event an external audit required under the provisions of this Article and the corresponding provisions of the Special Conditions is to be performed by a supreme audit institution and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period, or with the frequency stipulated in this Contract, the Borrower or the Executing Agency, as the case may be, shall select and

contract the services of independent auditors acceptable to the Bank, as provided under paragraphs (c) and (d) of this Article.

(f) Notwithstanding the provisions above, the Bank may, on an exceptional basis, select and contract the services of independent auditors to audit the financial audit reports provided for in this Contract when: (i) pursuant to the findings of a Bank-conducted cost-benefit analysis, it is determined that the benefits associated with the hiring of such services by the Bank outweigh the costs; (ii) there is limited access to auditing services in the country; or (iii) special circumstances warrant the selecting and hiring of such services by the Bank.

(g) The Bank reserves the right to request the Borrower or the Executing Agency, as the case may be, to have external audits other than financial audits or to have services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, auditor selection procedures, and terms of reference for the audits shall be agreed upon between the Parties.

CHAPTER VII

Suspension of Disbursements, Accelerated Maturity, and Partial Cancellations

ARTICLE 7.01. Suspension of Disbursements. The Bank, by written 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 to the Bank for principal, fees, interest, return of resources of the Loan used for ineligible expenditures, or for any other reason, under this Contract or any other contract entered into between the Bank and the Borrower, including another loan contract.
- (b) Nonfulfillment by the Guarantor, if any, of any payment obligation set forth in the Guarantee Contract; any other contract entered into between the Guarantor, as Guarantor, and the Bank; or any Derivative Contract entered into with the Bank.
- (c) Noncompliance by the Borrower, the Guarantor, if any, or the Executing Agency, as the case may be, of any other obligation set forth in any contract entered into with the Bank for the financing of the Project, including this Contract, the Guarantee Contract, or any Derivative Contract entered into with the Bank, as well as noncompliance by the Borrower or the Executing Agency, as the case may be, with any contract they enter into for the execution of the Project.
- (d) Withdrawal or suspension from membership in the Bank of the country in which the Project is to be executed.
- (e) When, in the opinion of the Bank, the objective of the Project or the Loan may be adversely affected or the execution of the Project may be improbable owing to:

- (i) any restriction, modification, or alteration of the legal capacity, functions, or assets of the Borrower or the Executing Agency, as the case may be; or (ii) any modification or change made without the written concurrence of the Bank of any condition fulfilled before the approval of the Loan by the Bank.
- (f) Any extraordinary circumstance which, in the opinion of the Bank: (i) makes it unlikely that the Borrower, the Executing Agency, or the Guarantor, as the case may be, will be able to fulfill the obligations established in this Contract or the Guarantee Contract, respectively; or (ii) prevents the fulfillment of the Project's development objectives.
- (g) Whenever the Bank determines that an employee, agent, or representative of the Borrower, the Executing Agency, or the Contracting Agency, as the case may be, has engaged in a Prohibited Practice in connection with the Project.

ARTICLE 7.02. Early Termination and Cancellation of Undisbursed Balances. (a) The Bank, by means of a written notification, may declare the entire Loan or a portion thereof immediately due and payable, together with interest, fees, and other charges accrued up to the date of payment, and may cancel the undisbursed portion of the Loan, if:

- (i) any of the circumstances set forth in paragraphs (a), (b), (c), and (d) of the preceding Article continues for more than sixty (60) days;
- (ii) any of the circumstances set forth in paragraphs (e) and (f) of the previous article occurs and so long as it continues, and the Borrower or the Executing Agency, as the case may be, fails to provide to the Bank the clarifications or additional information that the Bank considers necessary;
- (iii) the Bank, in accordance with its sanctions procedures, determines that any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), has engaged in a Prohibited Practice in connection with the Project; and that the Borrower, the Executing Agency, or the Contracting Agency, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the Prohibited Practice) within a period of time the Bank considers reasonable; and
- (iv) the Bank determines at any time that a procurement of goods or the contracting of works or non-consulting services was carried out without following the procedures set forth in this Contract. In this case, the cancellation or early termination will apply to the portion of the Loan used for such procurement or contracting.

(b) If the Bank declares a part of the Loan due and payable, the payment received will be applied against the portion of the Loan disbursed against the Ordinary Capital Financing and the Fund for Special Operations Financing in the same proportion that each one of these represents against the total amount of the Loan. The amount of the payment allocated to the portion of the Loan disbursed against the Ordinary Capital Financing shall be applied pro rata to each unpaid principal installment. The amount of the payment allocated to the portion of the Loan disbursed against the Fund for Special Operations Financing shall be applied against the single amortization installment.

(c) Any cancellation will be understood as carried out in regards to the Ordinary Capital Financing and the Fund for Special Operations Financing in the same proportion that each one of these represents against the total amount of the Loan.

ARTICLE 7.03. Provisions Not Affected. The application of the measures provided in this Chapter shall not affect the obligations of the Borrower established in this 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.

ARTICLE 7.04. Disbursements Not Affected. Notwithstanding the provisions of Articles 7.01 and 7.02 above, none of the measures set forth in this Chapter shall affect the disbursement by the Bank of any amounts of the resources of the Loan: (a) subject to the guarantee of an irrevocable letter of credit; (b) which, by specific written agreement with the Borrower, the Executing Agency, or the Contracting Agency, as the case may be, the Bank has agreed to provide to pay Eligible Expenditures directly to the respective supplier; and (c) payable to Bank, pursuant to the Borrower's instructions.

CHAPTER VIII **Prohibited Practices**

ARTICLE 8.01. Prohibited Practices. (a) In addition to the provisions established in Articles 7.01(g) and 7.02(a)(iii) of these General Conditions, if the Bank determines, in accordance with its sanctions procedures, that a firm, entity, or individual bidding for or participating in a Bank-financed activity, including, among others, applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has engaged in a Prohibited Practice in connection with the execution of the Project, the Bank may take the actions provided for in its sanctions procedures in effect as of the date of this Contract or the amendments thereto that the Bank approves from time to time and makes known to the Borrower, including:

- (i) Denying financing of contracts for the procurement of goods or the contracting of works or consulting or non-consulting services;

- (ii) Declaring a contract ineligible for Bank financing whenever there is evidence that the agent of the Borrower, the Executing Agency, or the Contracting Entity, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the commission of the Prohibited Practice) within a period of time the Bank considers reasonable;
- (iii) Issuing the firm, entity, or individual determined to be responsible a reprimand in the form of a formal letter of censure for its behavior;
- (iv) Declaring a firm, entity, or individual determined to be responsible for engaging in the Prohibited Practice ineligible, either permanently or temporarily, to participate in Bank-financed activities, whether directly as a contractor or supplier, or indirectly as a subconsultant, subcontractor, or a supplier of goods, consulting services, or non-consulting services; and
- (v) Imposing fines representing reimbursement to the Bank of costs associated with investigations and proceedings in connection with the commission of the Prohibited Practice.

(b) The provisions of Article 7.01(g) and Article 8.01(a)(i) shall also apply in cases in which the Contracting Agency or any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has been temporarily suspended from eligibility to take part in a bidding or other selection process for the awarding of new contracts pending the final outcome of an investigation into a Prohibited Practice.

(c) The imposition of any action to be taken by the Bank pursuant to the provisions referred to above will be made public, except in cases of private reprimand.

(d) Any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) may be sanctioned by the Bank pursuant to agreements the Bank may have with other international financial institutions regarding the mutual enforcement of debarment decisions. For purposes of this paragraph (d), the term "sanction" shall mean any permanent or temporary debarment, conditions on future contracting, or any publicly disclosed action taken in response to a violation of an international financial institution's applicable framework for addressing allegations of Prohibited Practices.

(e) When the Borrower procures goods or contracts works or non-consulting services directly from a specialized agency under an agreement between the Borrower and such specialized agency, all provisions under this Contract regarding sanctions and Prohibited

Practices shall apply in their entirety to applicants, bidders, providers of goods and their agents, contractors, consultants, personnel, subcontractors, subconsultants, service providers, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), or to any other entities that have signed contracts with such specialized agency, to supply goods, works, or non-consulting services in connection with Bank-financed activities. The Borrower or the Executing Agency, as the case may be, agrees to adopt, as may be required by the Bank, remedies such as suspension or termination of the corresponding contract. The Borrower agrees that the contracts it enters into with specialized agencies shall include provisions requiring them to consult the Bank's list of firms and individuals debarred either temporarily or permanently by the Bank from participating in a procurement or contracting operation financed wholly or partially with resources of the Loan. In the event a specialized agency signs a contract or purchase order with a firm or an individual temporarily or permanently debarred by the Bank as indicated in this article, the Bank will not finance such contracts or expenditures and will apply such other remedies as it deems appropriate.

CHAPTER IX

Provision on Encumbrances and Exemptions

ARTICLE 9.01. Commitment on Encumbrances. The Borrower shall not create any specific encumbrance on all or part of its assets or revenues to secure an external debt without, at the same time, creating an encumbrance guaranteeing to the Bank, equally and proportionally, the fulfillment of the pecuniary obligations arising from this Contract. The foregoing shall not apply: (a) to encumbrances on goods used as security for payment of the unpaid balance of the purchase price; and (b) to encumbrances created in banking operations to secure 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 the Borrower or any of its dependent agencies which are not autonomous entities with their own separate capital.

ARTICLE 9.02. Tax exemption. The Borrower undertakes to ensure that principal, interest, fees, premiums, and any other Loan charge, as well as any other payment for expenses or costs that may be imputed to this Contract, shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty, or charge established or that may be established by the laws of its country, and to pay any tax, fee, or duty applicable to the signing, recording, and execution of this Contract.

CHAPTER X

Miscellaneous Provisions

ARTICLE 10.01. Assignment of Rights. (a) The Bank may assign to other public or private institutions, in the form of participations, the rights corresponding to the Borrower's pecuniary obligations under this Contract. The Bank shall immediately notify the Borrower of each assignment.

(b) The Bank may grant participations in respect of either outstanding loan balances or amounts of the Loan which are still undisbursed at the time of entering into the participation agreement.

(c) With the prior consent of the Borrower and of the Guarantor, if any, the Bank may assign all or part of the undisbursed amount of the Loan to other public or private institutions. To that end, the portion subject to assignment shall be denominated in terms of a fixed number of units of either the Approval Currency or Dollars. Likewise, with the prior consent of the Borrower and of the Guarantor, if any, the Bank may set, for the portion subject to assignment, an interest rate other than that established in this Contract.

ARTICLE 10.02. Modifications and Contractual Waivers. Any modification or waiver of the provisions of this Contract shall be agreed upon in writing by the Parties, with the consent of the Guarantor, if any, and to the extent that such consent may be applicable.

ARTICLE 10.03. Non-waiver of Rights. Any delay or failure by the Bank to exercise its rights pursuant to this Contract may not be construed as a waiver of such rights or as implied acceptance of events, actions, or circumstances that would have empowered it to exercise them.

ARTICLE 10.04. Termination. (a) The Contract and all obligations arising from it shall be deemed terminated upon full payment of the principal, interest, fees, premiums, and all other expenses related to the Loan, as well as all other expenses and costs arising from this Contract, with the exception of those referred to in paragraph (b) of this Article.

(b) The obligations acquired by the Borrower under this Contract with respect to Prohibited Practices and other obligations relating to the operational policies of the Bank, shall remain in effect until such obligations are deemed fulfilled to the satisfaction of the Bank.

ARTICLE 10.05. Validity. The rights and obligations established in this Contract are valid and enforceable in accordance with the terms agreed upon herein, regardless of the laws of any given country.

ARTICLE 10.06. Disclosure of Information. The Bank may disclose this Contract and any information related thereto, in accordance with its access to information policy in effect at the time of such disclosure.

CHAPTER XI

Arbitration Procedure

ARTICLE 11.01. 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 the "President," by direct agreement between the Parties or through their respective arbitrators. In all decisions, the President of the tribunal shall have the right to cast a double vote in the case of deadlock. If the Parties or the arbitrators fail to agree on

who the President shall be, or if one of the Parties is unable to designate an arbitrator, the President 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, one shall be appointed by the President. If either of the appointed arbitrators or the President is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions as his or her predecessor.

(b) In any conflict, both the Borrower and the Guarantor shall be considered a single party and, consequently, shall act jointly in the designation of the arbitrator and for the other purposes of the arbitration proceedings.

ARTICLE 11.02. Initiation of the Procedure. In order to submit the conflict to arbitration, the claimant shall address to the other party a written notification setting forth the nature of the claim, the satisfaction or compensation it seeks, and the name of the arbitrator it appoints. The party receiving such notification shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within seventy-five (75) days as of the notification of the initiation of the arbitral proceeding, the Parties have not agreed upon the person who is to act as President, either party may request the Secretary General of the Organization of American States to make the appointment.

ARTICLE 11.03. Convening of the Tribunal. The arbitration tribunal shall be convened in Washington, District of Columbia, United States of America, on the date designated by the President, and, once convened, shall meet on the dates which the tribunal itself shall establish.

ARTICLE 11.04. Procedure. (a) The tribunal is specifically empowered to decide any matter under its jurisdiction and shall adopt its own procedures. In any case, it shall give the Parties the opportunity to make oral presentations. All decisions of the tribunal shall be made by majority vote.

(b) The Tribunal shall base its rulings on the terms of the Contract, and shall render its award even if one of the Parties fails to appear.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two (2) members of the tribunal. It shall be handed down within approximately sixty (60) days from the date on which the President is appointed, unless the tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the Parties by means of a notification signed by at least two (2) members of the tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

ARTICLE 11.05. Costs. The fees of each arbitrator and the costs of arbitration (with the exception of attorneys' fees and the fees of other experts, which shall be covered by the Parties that appointed them) shall be covered by both Parties in equal proportion. 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 11.06. Notification. All notifications relative to the arbitration or to the award shall be made in the manner provided in this Contract. The parties waive any other form of notification.

ANNEX

THE PROJECT

Support to Improve Maternal and Child Health

I. Objective

- 1.01** The general objective of the Project is to contribute to the reduction of maternal, perinatal, and neonatal deaths in Guyana.

II. Description

- 2.01** In order to achieve the Project objectives described in Section I above, the Project will finance the following three (3) components:

Component 1. Strengthening reproductive, maternal, and neonatal health services

- 2.02 Sub-component 1.1. Access and use of reproductive, maternal, and neonatal health services.** The objective of this sub-component is to increase access and use of reproductive, maternal, and neonatal health services. To achieve this objective, this sub-component will finance: (i) strengthening of the community platform and the primary level of care (levels 1 and 2) for service delivery in regions 3, 4, and 9; (ii) procurement of equipment/supplies; (iii) strengthening of the maternity waiting home strategy, including the development of individual and community plans to support women and newborns to access facilities in region 9; and (iv) design and implementation of behavior change communication strategies targeting regions 3, 4 and 9, including messages targeted at adolescents, men, and indigenous people.
- 2.03 Sub-component 1.2. Quality of reproductive, maternal, and neonatal health services.** The objective of this sub-component is to improve the quality of reproductive, maternal, and neonatal health services. To achieve this objective, this sub-component will finance: (i) design and implementation of a Quality Improvement Strategy (QIS) in hospitals of regions 3, 4, and 9, including the improvement of clinical and management practices and the promotion of patient-centered and culturally-appropriate care; (ii) revision and update of guidelines, protocols, and strategies; (iii) improvements in the supply chain for contraceptive methods, drugs, and blood products¹, including procurement of equipment; (iv) improvements in health information² in regions 3, 4 and 9; and (v) training of health workers in regions 3, 4, and 9 to provide quality reproductive, maternal, and neonatal care.

¹ Technical assistance to analyze bottlenecks that may be contributing to disruptions in the supply chain (critical activities to guarantee the availability of inputs, such as purchasing, storage, and distribution).

² Revising and improving which/how information is collected, systematized, reported, and used by health facilities and acquiring hardware/software.

Component 2. Strengthening the healthcare network

- 2.04** The objective of this component is to increase the effectiveness of the maternal and neonatal healthcare network. To achieve this objective, this component will finance: (i) assessment and reorganization of Guyana's healthcare and referral networks, including the revision and adjustment of the portfolio of services and the roles of different cadres of health workers; (ii) infrastructure improvements to C.C. Nicholson Hospital; (iii) procurement of equipment for health facilities, including Georgetown Public Hospital Corporation (GPHC) maternity and neonatal units, C.C. Nicholson Hospital, and the Georgetown maternity waiting home; and (iv) ambulances and communication system (radios for health facilities and ambulances) for regions 3, 4, and 9.

Component 3. Administration and evaluation

- 2.05** The objective of this component is to support project administration and evaluation activities, including ancillary expenses and strengthening the capacity of the Maternal and Child Health (MCH) Unit of the MoPH, which will assume responsibility for Project implementation. This component will support the recruitment of: a Project coordinator; two fiduciary officers; a health specialist; and a planning, monitoring, and evaluation officer.

III. Total Cost of the Project and Financing Plan

- 3.01** The estimated cost of the Project is the equivalent of US\$8,000,000. The following table shows in detail the Project costs by components.

Budget Table
(in US\$)

Components and sub-components		IDB US\$	%
1	Strengthening reproductive, maternal, and neonatal health services	2,920,000	36.5
	Access and use of reproductive, maternal, and neonatal health services	1,230,000	
	Quality of reproductive, maternal, and neonatal health services	1,690,000	
2	Strengthening the healthcare network	3,734,000	46.7
3	Administration and Evaluation	1,196,000	15.0
	Staff	984,000	
	Monitoring, follow up and evaluation process	212,000	
	Contingencies	150,000	1.9
	TOTAL	8,000,000	100.0

IV. Execution

- 4.01** The MoPH, through its MCH Unit, will assume responsibility for Project implementation, including planning, execution, monitoring and evaluation, and financial

and procurement activities. The MCH Unit is headed by the head of the MCH, who will assume technical responsibility for the Project to facilitate integration with complementary activities of the MoPH and to ensure the sustainability of results.

- 4.02** The MCH Unit will be strengthened with five additional staff: a Project coordinator; a health systems specialist who will provide technical oversight for the implementation of all health related and institutional strengthening activities financed by the Project; a monitoring and evaluation specialist who will strengthen the related function within the Unit by instituting monitoring and evaluation practices in line with the project Results Matrix and the Monitoring and Evaluation Plan; and two fiduciary officers (one procurement officer and one financial officer) to carry out the fiduciary functions of the Project
- 4.03** The Project coordinator will report to the head of the MCH on technical and administrative aspects of the Project, in collaboration with the Permanent Secretary of MoPH.
- 4.04** A Project Steering Committee will be formed at the policy level to provide policy and strategic direction, support coordination across sectors, discuss and resolve execution challenges, and formalize access to technical inputs from the relevant agencies. The Steering Committee will also oversee the implementation of the ESMP; a sub-committee will be composed for this purpose. Chaired by the MPH, this committee will comprise senior representatives from the following agencies: Ministry of Finance; Ministry of the Presidency; Ministry of Communities, under which Regional Democratic Councils (RDCs) and Regional Health Authorities (RHAs) lie; and the Ministry of Indigenous Affairs. A Memorandum of Understanding (MoU) will be signed amongst the participating ministries/agencies to formalize roles and responsibilities in the Steering Committee; a draft of the MoU will be included in the Project's OM.