

CHAPTER 123B
GOVERNMENT OF GRENADA AND KUWAIT FUND FOR ARAB
ECONOMIC DEVELOPMENT (LOAN AGREEMENT) ACT

• Act • Subsidiary Legislation •

ACT

Act No. 14 of 1998

ARRANGEMENT OF SECTIONS

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CHAPTER 123B
GOVERNMENT OF GRENADA AND KUWAIT FUND FOR ARAB ECONOMIC
DEVELOPMENT (LOAN AGREEMENT) ACT

An Act to authorise the Government of Grenada to raise a loan from the Kuwait Fund for Arab Economic Development.

[Act No. 14 of 1998.]

[15th May, 1998.]

1. Short title

This Act may be cited as the Government of Grenada and Kuwait Fund for Arab Economic Development (Loan Agreement) Act.

2. Interpretation

In this Act, “Loan Agreement” means the Agreement between the Government of Grenada and the Kuwait Fund for Arab Economic Development and which is set out in the Schedule to this Act.

3. Authority to raise loan

(1) Notwithstanding anything contained in any enactment, the Government of Grenada is hereby authorised to enter into the Loan Agreement with the Kuwait Fund for Arab Economic Development for the sum of two million, six hundred thousand (2,600,000) Kuwaiti Dinars currency on the terms and conditions set out on the Loan Agreement as contained in the Schedule to this Act.

(2) The Minister of Finance shall do all such things as may be necessary, to give effect to the Agreement.

4. Charge upon Consolidated Fund

The Loan raised under section 3 shall be a charge upon the Consolidated Fund.

5. Legal effect of Agreement

The Loan Agreement shall have the force of law in Grenada.

Schedule

Loan Agreement

GOVERNMENT OF GRENADA AND KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (LOAN AGREEMENT) ACT

[Section 3(1).]

ORIGINAL: ARABIC

LOAN NUMBER:

LOAN AGREEMENT

COASTAL DEFENCES AND ROADS REHABILITATION PROJECT
(SECOND PHASE)

BETWEEN
GRENADA

AND

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

DATED:

LOAN AGREEMENT

Agreement, dated between Grenada (hereinafter called the Borrower) of the first part, and Kuwait Fund for Arab Economic Development (hereinafter called the Fund) of the second part.

Whereas, the Borrower has requested the Fund to assist in the financing of the Coastal Defences and Roads Rehabilitation Project (Second Phase) described in Schedule 2 to this Agreement (hereinafter referred to as the Project) which is being undertaken by the Ministry of Works, Communications and Public Utilities through its Roads Division;

Whereas, the Borrower is going to obtain from the OPEC Fund for International Development a loan in an amount equivalent to about two million four hundred thousand United States Dollars (US\$ 2,400,000) to assist in financing the Project;

Whereas, the Borrower is securing from its own resources all sums, in addition to foreign loans, necessary for meeting the full costs of the project, and all additional amounts found necessary for the completion and operation of the project;

Whereas, the purpose of the Fund is to assist Arab and other developing countries in developing their economies and to provide them with loans necessary for the execution of their development projects and programmes;

Whereas, the Fund is convinced of the importance and usefulness of the project in developing the Borrower's economy; and

Whereas, the Fund has agreed, in view of the foregoing, to grant the Borrower a loan on the terms and conditions set forth in this Agreement.

Now therefore, the parties hereto agree as follows.

ARTICLE I

The Loan; Interest and Other Charges; Repayment; Place of Payment

SECTION 1.01 The Fund agrees to lend to the Borrower, on the terms and conditions set forth in this Agreement or herein referred to, an amount equivalent to Two million six hundred thousand Kuwaiti Dinars (K.D.2,600,000/-).

SECTION 1.02 The Borrower shall pay interest at the rate of three and one half of one per cent (3.5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

SECTION 1.03 An additional charge of one half of one per cent (1/2 of 1%) per annum on the amounts withdrawn of the Loan and outstanding from time to time shall be paid to meet the administrative expenses and the expenses of implementing this Agreement.

SECTION 1.04 The charge payable for special commitments entered into by the Fund, at the request of the Borrower pursuant to Section 3.02 of this Agreement, shall be at the rate of one half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

SECTION 1.05 Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day month for any period less than a full one half of a year.

SECTION 1.06 The Borrower shall repay the principal of the Loan in accordance with the amortisation schedule set forth in Schedule 1 to this Agreement.

SECTION 1.07 Interest and other charges shall be payable semi-annually on June 15th and December 15th in each year.

SECTION 1.08 The Borrower shall have the right, upon payment of all accrued interest and all other charges, and upon not less than 45 days' notice to the Fund, to repay in advance of maturity—

- (a) all of the principal amount of the Loan at the time outstanding; or
- (b) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

SECTION 1.09 The principal of, and interest and other charges on, the Loan shall be paid at Kuwait or at such other places as the Fund shall reasonably request.

ARTICLE II

Currency Provisions

SECTION 2.01 All accounts of the financial transactions made pursuant to this Agreement shall be, and all sums falling due thereunder shall be payable, in Kuwaiti Dinars.

SECTION 2.02 The Fund will purchase, at the request of and acting as an agent for the Borrower, such currencies as may be required for payment of the cost of goods to be financed from the Loan under this Agreement, or for reimbursement of such cost in the currency in which it was actually incurred. The amount which shall be deemed to have been withdrawn from the Loan in any such case shall be equal to the amount of Kuwaiti Dinars required for the purchase of respective amount of foreign currency.

SECTION 2.03 When repayment of principal or payment of interest and other charges on the Loan is being made, the Fund may, at the request of and acting as an agent for the Borrower, purchase the amount of Kuwaiti Dinars required for such repayment or payment, as the case may be, against payment by the Borrower of the amount required for such purchase in currency or currencies, as may be acceptable from time to time to the Fund.

Any payment to the Fund required under this Agreement shall not be deemed to have been effected except from the time and to the extent that Kuwaiti Dinars have actually been received by the Fund.

SECTION 2.04 Whenever it shall be necessary for the purposes of this Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Fund.

ARTICLE III

Withdrawal and use of Proceeds of the Loan

SECTION 3.01 The Borrower shall be entitled to withdraw from the Loan amounts expended or to be expended for the Project in accordance with the provisions of this Agreement.

Except as the Fund may otherwise agree, no amount shall be withdrawn from the Loan on account of expenses incurred prior to the 1st March, 1998 or to finance local costs of goods produced in the territories of the Borrower.

SECTION 3.02 Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Fund, the Fund may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods to be financed under this Agreement notwithstanding any subsequent suspension or cancellation.

SECTION 3.03 When the Borrower shall desire to withdraw any amount from the Loan or to request the Fund to enter into a special commitment pursuant to Section 3.02, the Borrower shall deliver to the Fund a written application in such form, and containing such statements, agreements and other documents as the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Borrower and the Fund shall otherwise agree, be made promptly in relation to expenditures for the Project.

SECTION 3.04 The Borrower shall furnish to the Fund such documents and other evidence in support of the application for withdrawal as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

SECTION 3.05 Each application for withdrawal and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Fund that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn from the Loan is to be used only for the purposes specified in this Agreement.

SECTION 3.06 The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Fund, subject to modification by further agreement between them.

SECTION 3.07 The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

SECTION 3.08 Payment by the Fund of amounts which the Borrower is entitled to withdraw from the Loan shall be made to or on the order of the Borrower.

SECTION 3.09 The right of the Borrower to make withdrawals from the loan shall terminate on the 30th June, 2001 or such other date as may from time to time be agreed between the Borrower and the Fund.

ARTICLE IV

Particular Covenants

SECTION 4.01 (a) The Borrower shall entrust the execution of the project to the Ministry of Works, Communications and Public Utilities (hereinafter called the Ministry), through its Road Division.

(b) To that end the Borrower shall confer to the Ministry mainly its Roads Division such powers and provide it with such facilities including a sufficient number of qualified and experienced personnel required to maintain its efficiency in carrying out the project.

SECTION 4.02 The Borrower shall take all necessary actions satisfactory to the Fund at all times for making the proceeds of the loan regularly available to the Ministry, in accordance with the provisions of this agreement and the project financing plan agreed during project appraisal.

SECTION 4.03 The Borrower shall carry out the project or cause it to be carried out with due diligence and efficiency and in conformity with sound engineering, financial and administrative practices internationally recognised.

SECTION 4.04 In carrying out the Project the Borrower shall employ or cause to be employed engineering consultants (or other consultants as may be required) acceptable to, and upon terms and conditions satisfactory to the Fund.

SECTION 4.05 Except as the Fund may otherwise agree, the awarding of all contracts for the execution of the project shall be through international competitive bidding. The prior approval of the Fund is necessary for the awarding of all contracts as well as the amendment or termination of any contract.

SECTION 4.06 The Borrower shall make available or cause to be made available all sums, in addition to foreign loans, necessary for meeting the full cost of, the project, and all other additional amounts found necessary for the completion and operation of the project, all such sums to be secured on terms and conditions satisfactory to the Fund.

SECTION 4.07 The Borrower shall insure that any new installation, replacement or repair of pipes, cables or any other service installed within the projects road or its right-of-way are carried out in a timely manner that will not interfere with/or delay, the execution of the project.

SECTION 4.08 The Borrower shall furnish to the Fund, promptly upon their preparation, the studies of, and the plans and specifications for, the Project, the schedules of its execution and any material modifications subsequently made therein, in such detail as the Fund shall from time to time request.

SECTION 4.09 The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial position of the Ministry which is carrying out the Project, shall afford all reasonable opportunity for accredited representatives of the Fund to make visits for purposes related to, the loan and to inspect the Project, the goods and any relevant records and documents, and shall furnish the Fund all such information as the Fund shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial position of the Ministry which is carrying out the Project.

SECTION 4.10 (a) The Borrower shall operate and maintain the Project or cause it to be operated and maintained, and also to operate and maintain structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof, in accordance with sound engineering, financial and administrative practices.

(b) In order to assist the Ministry in the operation and maintenance of the Project and to, facilitate the implementation of the recommendations of the maintenance management studies, the Borrower shall cause the Ministry to strengthen its Road Maintenance Divisions, and its Central Laboratory, by assigning adequately qualified technical and administrative staff. The Ministry shall prepare and submit to the Fund, no later than 30th June, 1998, a programme for the re-organisation, technical and financial management of the Central Material Laboratory and the Ministry shall take the necessary steps to implement this re-organisation programme.

SECTION 4.11 The Borrower and the Fund shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower shall furnish to the Fund every month from the date of this Agreement periodic reports on the execution of the Project and the general status of the Loan as well as all other information as the Fund shall reasonably request.

The Borrower and the Fund shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of, the purposes of the Loan (including substantial increase in the cost of the Project) or the maintenance of the service thereof. Upon completion of the project the Borrower shall furnish to the Fund a final detailed report on all components of the project and its execution as described in Schedule 2 of this agreement.

SECTION 4.12 The Borrower shall take all necessary actions to ensure that further man-made causes of coastal erosion and further roads deterioration are eliminated, including but not limited to, the amendment of existing laws and the promulgation of new laws if necessary, in order to secure the respect of the following norms and regulations—

- (a) No construction shall be permitted within a distance not less than 50 meter from the coast-line;
- (b) No construction shall be permitted within a minimum of distance of 6 meters (18 ft) from the center-line of all roads;
- (c) Existing and planned residential accesses to main roads should incorporate drainage systems preventing the discharge of rain water, drainage on the roads;
- (d) Until an alternative source of sand for construction is identified and secured, the sand mining from beaches shall be limited to designated locations.

To ensure respect of the above regulations the borrower shall empower the Ministry of full authority including remedial actions to redress any non-compliance thereof.

SECTION 4.13 The Borrower shall inform the Fund of any proposed dredging, reclamation or any marine work intended to be carried out and that may effect the nature of coast line, beaches or currents in the area of the project. The Borrower shall afford the Fund all reasonable opportunity in advance of taking such actions, to exchange views with the Borrower with respect thereof.

SECTION 4.14 The Borrower shall provide the Ministry, promptly as needed, with funds, facilities and services necessary for carrying out punctually its road maintenance programme, and shall, in particular, make such budgetary allocations as may be necessary to supplement any external available resources. To that end, the Borrower shall, no later than six months after effectiveness of this agreement, establish a Road Fund acceptable to the Fund, and shall from time to time, review its road user charges and gasoline and diesel fuel tax to ensure collecting adequate contributions to the Road Fund.

SECTION 4.15 It is the mutual intention of the Borrower and the Fund that no other external debt shall enjoy any priority over the Loan by way of a lien hereafter created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for

the external debt, such lien will *ipso facto* equally and rateably secure the payment of the principal of, and interest and other charges on, the Loan, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to—

- (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property,
- (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods, or
- (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term ‘assets of the Borrower’ as used in this section includes assets of the Borrower or of any of its political subdivisions or of any entity owned or controlled by the Borrower or by any such political subdivisions, including the Central Bank of the Borrower or any other institution performing the functions of a Central Bank. The term lien includes mortgages, pledges, charges, Privileges and priorities of any kind.

SECTION 4.16 The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any tax in force under the laws of the Borrower or laws in effect in its territories or shall be in effect in the future.

SECTION 4.17 This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery on registration thereof and the Borrower shall pay or cause to be paid all such taxes, imposts, levies and dues, if any, imposed under the laws of the country or countries in whose currency the Loan is payable or laws in effect in the territories of such country or countries.

SECTION 4.18 The principal of, and interest and other charges on, the Loan, shall be paid free from all restrictions including exchange restrictions imposed under the laws of the Borrower or laws in effect in its territories.

SECTION 4.19 The Borrower undertakes that The Ministry through its road division which is carrying out and operating the Project, will at all times function under rules or regulations in form and substance satisfactory to the Fund and have such powers, management and administration as are necessary for the diligent and efficient carrying out and operation of the Project.

The Borrower shall inform the Fund of any proposed action which would affect the nature or constitution of Ministry or the Roads Division which is carrying out or operating the Project and shall afford the Fund all reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereof.

SECTION 4.20 (a) The Borrower shall cause the Ministry to insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in freely convertible currency.

(b) The Borrower shall cause the Ministry to take out and maintain with responsible insurers, insurance against risks related to the Project in such amounts as shall be consistent with sound commercial practices.

SECTION 4.21 The Borrower shall take or cause to be taken all action which shall be necessary on its part to execute the Project and shall not take, or permit to be taken, any action which would prevent or interfere with the execution or operation of the Project or the performance of any of the provisions of this Agreement.

SECTION 4.22 All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters. The Borrower shall accord the Fund full immunity from censorship and inspection of publications.

SECTION 4.23 All Fund assets and income shall be exonerated from nationalisation, confiscation and seizure.

ARTICLE V

Cancellation and Suspension

SECTION 5.01 The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Fund shall have entered into a special commitment pursuant to Section 3.02 of this Agreement.

SECTION 5.02 If any of the following events shall have happened and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan—

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or any other Loan Agreement between the Borrower and the Fund;
- (b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement;
- (c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Borrower and the Fund because of a default on the part of the Borrower;
- (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.

Any event occurring after the date of this Agreement and prior to the effective date which would have entitled the Fund to suspend the Borrower's right to make withdrawals if this Agreement had been effective on the date such event occurred, will entitle the Fund to suspend withdrawals under the Loan exactly as if it had occurred after the effective date.

The right of the Borrower to make withdrawals under the Loan shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

SECTION 5.03 If any event specified in Section 5.02(a) shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Fund to the Borrower, or if any event specified in Section 5.02(b), (c) and (d) shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower, then at any subsequent time during the continuance thereof, the Fund at its option, may declare the principal of the Loan to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

SECTION 5.04 If—

- (a) the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or

- (b) the date specified in Section 3.09 as the Closing Date an amount of the Loan shall remain unwithdrawn, the Fund may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

SECTION 5.05 No cancellation or suspension by the Fund shall apply to amounts subject to any special commitment entered into by the Fund pursuant to Section 3.02 except as expressly provided in such commitment.

SECTION 5.06 Except as the Fund may otherwise agree any cancellation shall be applied *pro rata* to the several instalments of the principal amount of the Loan maturing after the date of such cancellation.

SECTION 5.07 Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall be continued in full force and effect except as in this Article specifically provided.

ARTICLE VI

Enforceability of this Agreement; Failure to Exercise Rights; Arbitration

SECTION 6.01 The rights and obligations of the Fund and the Borrower under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. Neither the Borrower nor the Fund shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

SECTION 6.02 No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in such default, nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

SECTION 6.03 Any controversy between the parties to this Agreement and any claim by either party against the other arising out of this Agreement shall be determined by agreement of the parties, and failing such agreement the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as provided in the following Section.

SECTION 6.04 The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Borrower, the second arbitrator shall be appointed by the Fund; and the third arbitrator (hereinafter sometime called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice at the request of either party. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the adverse party. In case any arbitrator appointed in accordance, with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as hereinbefore prescribed for the appointment of the original arbitrator, and such successor, shall have all the powers and duties of such original arbitrator.

Arbitration proceedings may be instituted under this Section upon notice by the party instituting such proceedings to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature and extent of the relief sought, and the name of the arbitrator appointed by the party instituting such proceedings.

Within thirty days after the giving of such notice, the adverse party shall notify the party instituting the proceedings of the name of the arbitrator appointed by such adverse party.

If within sixty days after the giving of such notice instituting the arbitration proceedings the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in the first paragraph of this Section.

The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

Subject to the provision of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote. The Arbitral Tribunal shall afford all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal.

The parties shall fix the amount of remuneration or fees of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division, of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

The Arbitral Tribunal shall apply the principles common under the current laws of the Borrower and the State of Kuwait, as well as the principles of justice.

SECTION 6.05 The provisions for arbitration set forth in the previous Section shall be in lieu of any other procedure for the determination of controversies between the parties to this Agreement and any claim by either party against the other party arising thereunder.

SECTION 6.06 Service of any notice or process in connection with any proceedings under this Article may be made in the manner provided in Section 7.01. The parties to this Agreement may waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01 Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 8.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex, telegram or cable to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

SECTION 7.02 The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article III or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

SECTION 7.03 Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by the Minister in charge of Finance or any person thereunto authorised in writing by him or her. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument

executed on behalf of the Borrower by his or her aforementioned representative or any person thereunto authorised in writing by him or her; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement. The Fund may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

ARTICLE VIII

Effective Date: Termination

SECTION 8.01 (a) This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorised or ratified by all necessary governmental action;

(b) The execution and delivery of the OPEC Fund Loan Agreement has been duly authorised or ratified by the Borrower by all necessary governmental action except as the Fund may otherwise agree.

SECTION 8.02 As part of the evidence to be furnished pursuant to Section 8.01 the Borrower shall furnish to the Fund an opinion or opinions of competent authority showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

SECTION 8.03 Except as shall be otherwise agreed by the Fund and the Borrower, this Agreement shall come into force and effect on the date upon which the Fund dispatches by cable to the Borrower notice of its acceptance of the evidence required by Section 8.01.

SECTION 8.04 If all acts required to be performed pursuant to Section 8.01 shall not have been performed before ninety days after the signature of this Agreement or such other date as shall be agreed upon by the Fund and the Borrower, the Fund may at any time thereafter at its option terminate this Agreement by notice to the Borrower. Upon the giving of such notice this Agreement and all obligations of the parties thereunder shall forthwith terminate.

SECTION 8.05 If and when the entire principal amount of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

ARTICLE IX

Definitions

SECTION 9.01 Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule hereto—

(1) The term ‘Project’ means the project or projects or programme or programmes for which the Loan is granted, as described in Schedule 2 to this Agreement and as the description thereof shall be amended from time to time by agreement between the Fund and the Borrower.

(2) The term ‘goods’ means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.

The following addresses are specified for the purposes of Section 7.01—

For the Borrower:
Ministry of Finance
Financial Complex
Carenage
St. George's
Grenada

Alternative address for cables and telexes:

CABLE	TELEX	FAX
_____	_____	(1809) 440 4116

For the Fund:

Kuwait Fund for Arab Economic Development
P. O. Box 2921, Safat
Kuwait – 13030

Alternative address for cables and telexes:

CABLE	TELEX	FAX
ALSUNDUK	22025 ALSUNDUK	(965) 2419091
KUWAIT	22613 KFAED AT	(965) 2436289

IN WITNESSETH WHEREOF the parties hereto acting through their representatives thereunto duly authorised, have caused this Agreement to be signed in their respective names and delivered in St. George's, in five copies, each considered an original and all to the same and one effect, as of the day and year first above written.

Grenada	Kuwait Fund for Arab Economic Development
By	By
(Authorised Representative)	(Authorised Representative)

SCHEDULE 1

Amortisation Schedule

<i>Serial No.</i>	<i>Date of payment Due</i>	<i>Payment of Principal Kuwaiti Dinars</i>
1	15/12/2001	81,250
2	15/06/2002	81,250
3	15/12/2002	81,250
4	15/06/2003	81,250
5	15/12/2003	81,250
6	15/06/2004	81,250
7	15/12/2004	81,250
8	15/06/2005	81,250
9	15/12/2005	81,250
10	15/06/2006	81,250
11	15/12/2006	81,250
12	15/06/2007	81,250
13	15/12/2007	81,250
14	15/06/2008	81,250
15	15/12/2008	81,250

16	15/06/2009	81,250
17	15/12/2009	81,250
18	15/06/2010	81,250
19	15/12/2010	81,250
20	15/06/2011	81,250
21	15/12/2011	81,250
22	15/06/2012	81,250
23	15/12/2012	81,250
24	15/06/2013	81,250
25	15/12/2013	81,250
26	15/06/2014	81,250
27	15/12/2014	81,250
28	15/06/2015	81,250
29	15/12/2015	81,250
30	15/06/2016	81,250
31	15/12/2016	81,250
32	15/06/2017	81,250
	Total	2,600,000

SCHEDULE 2

Description of the Project

The Project aims to meet traffic demand on the Western and Eastern Main Roads of Grenada efficiently and safely in all weather conditions. Also to protect roads, structures and other capital investments along the Western coast of Grenada from the effects of coastal erosion resulting from sea action, flooding and landslides. The Project also aims to reduce beach erosion resulting from sand mining and to create new sandy beaches on the island.

The Project comprises the improvement, rehabilitation and partial reconstruction of the Western Main Road from St. George's to Union, and the Southern Section of the Eastern Main Road between Sugar Mill Round-about and Bellevue. The Project also include the completion of sea defences along the western coast of Grenada, and the dredging of sand for beach replenishment and sand stockpiling.

The Project includes, in particular, the following components.

1. Dredging, transportation and stockpiling of sand for beach replenishment and construction purposes.
2. Road Works and Sea Defences for—
 - Improvement of the Western main road between St. George's and Gouyave.
 - Reconstruction of a new bridge alongside Queen's Park Bridge with modification of road alignment to the new bridge and preservation of the historic bridge for pedestrian use.
 - Reconstruction rehabilitation and resurfacing of remaining sections of the Western Main Road between Gouyave and Union, including the reconstruction of Beauteous Bridge.
 - Sea defences along the western coast including seawalls and rock armour protection.

- Reconstruction rehabilitation and resurfacing of remaining sections of the Eastern Main Road between Sugar Mill Round-about and Bellevue, including widening of narrow bridges.

3. Engineering Services for the Supervision of Construction.

4. Institutional Support for the Roads Division of the Ministry of Works comprising procurement of vehicles, machinery and other equipment for the Maintenance Units and Central Laboratory.

The Project is expected to start in 1998 and be completed by mid 2000.

Side Letter No. 1

GRENADA

Date:

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
Kuwait, 13030

Dear Sirs:

Sub: List of Goods to be financed from the Loan Procedure for Procurement.

With reference to Sections 3.06 and 4.05 of the Loan Agreement related to the Coastal Defences and Roads Rehabilitation Project (Second Phase) signed today between the Kuwait Fund for Arab Economic Development and Grenada, we confirm that the proceeds of the Loan shall be allocated to financing the goods and services provided for in the attached list in the percentages and amounts therein mentioned as the same may be amended from time to time with the approval of the Fund, provided that such amendments shall not result in increasing the outstanding amount of the Loan.

We also confirm that no proceeds of the Loan shall be used for the payment of taxes or duties imposed by the laws in force in Grenada.

We further confirm that unless otherwise agreed with the Fund, procurement of all items to be financed from the Loan will proceed on the basis of international competitive bidding and in case it is necessary to undertake any prequalification of bidders for this propose, your approval of the procedures to be adopted and of the list, of the prequalified bidders will be obtained.

As regards the application of Section 4.05 referred to above and the procurement of all items to be financed from the Loan, we shall furnish you with a copy of all tender documents in advance of issuing for review and comments and shall make such reasonable alternations as may be requested by you in such documents or in the bidding procedure. Upon the receipt and analysis of bids we shall furnish you with a detailed report on the evaluation of bids together with the recommendation for award for your consideration and approval. Any material modification proposed to be made in the terms and conditions of any contract before or after award, will also be presented to you for approval.

Following signature of contracts we shall furnish you with confirmed copies of such contracts for the purpose of your records and disbursement from the Loan in accordance therewith.

In order to ensure the timely award of contracts for the execution of the Project, a programme will be drawn for the various stages of bidding, evaluation of the bids, and award of all major contracts and we shall take all necessary steps to adhere to this programme and will furnish you with a copy thereof.

Please indicate your agreement to the foregoing and to the attached "List of Goods" by signing the form of confirmation on the enclosed copy with this letter and returning it to us.

Grenada

By
(Authorised Representative)

Accepted:

Kuwait Fund for Arab Economic Development

By:
(Authorised Representative)

List of Goods

<i>No.</i>	<i>Item</i>	<i>Allocation of Proceeds (in Kuwaiti Dinars)</i>	<i>Percentage of Total Cost of Item</i>
1.	Marine Works for Dredging, Beach Replenishment and Sand Stockpiling	200,000	64%
2.	Civil Works for Reconstruction, Rehabilitation and Improvement of Main Roads	1,900,000	64%
3.	Engineering Services for Supervision of Construction	200,000	64%
4.	Institutional Support	50,000	100%
5.	Contingencies	250 000	
	TOTAL	2,600,000	

Side Letter No. 2

GRENADA

Date:

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
13030 Safat, Kuwait

Dear Sirs,

Reference is made to the Loan Agreement of even date herewith signed between us for the financing of the Coastal Defences and Roads Rehabilitation Project (Second Phase). We confirm that we have been duly informed that in accordance with the regulations in force in the State of Kuwait the use of public funds in connection with transactions involving trading or dealing with any country, firm or concern subject to boycott in accordance with the resolutions of the competent organ of the League of Arab states is prohibited.

We therefore undertake that the proceeds of the above mentioned Loan will not be used in any manner to finance directly or indirectly any goods or services produced or supplied by any country, firm or concern subject to boycott under the regulations in force in the State of Kuwait.

Please confirm your acceptance of the assurance given above by signing the attached copy of this letter and returning it to us.

Grenada

By
(Authorised Representative)

Accepted:

Kuwait Fund for Arab Economic Development

By:
(Authorised Representative)

CHAPTER 123B
GOVERNMENT OF GRENADA AND KUWAIT FUND FOR ARAB ECONOMIC
DEVELOPMENT (LOAN AGREEMENT) ACT

SUBSIDIARY LEGISLATION

No Subsidiary Legislation
