

CHAPTER 5A

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT LOAN AUTHORISATION ACT

• Act • Subsidiary Legislation •

ACT

Act No. 18 of 2010

ARRANGEMENT OF SECTIONS

1. Short title.
 2. Authority to raise loan.
- Schedule

CHAPTER 5A

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT LOAN AUTHORISATION ACT

An Act to authorise the Minister of Finance to borrow from the OPEC Fund for International Development an amount of eight million five hundred thousand United States Dollars, and from the Kuwait Fund for Arab Economic Development an amount equivalent to two million five hundred thousand Kuwaiti Dinars (KD 2,500,000, approximately eight million eight hundred thousand United States Dollars).

[Act No. 18 of 2010.]

Whereas the Government of Grenada deems it desirable to rehabilitate and upgrade Agricultural Feeder Roads in Grenada;

Whereas the Government of Grenada has therefore deemed it necessary to secure funding for same;

Whereas section 49 of the Public Finance Management Act, Chapter 262B, authorises the Minister of Finance to secure a liability by borrowing for the purposes specified therein, including for any purpose of a capital nature;

And Whereas the Minister of Finance proposes to borrow, on behalf of the Government of Grenada the sum of eight million five hundred thousand United States Dollars from the OPEC Fund for International Development, and the sum of two million five hundred thousand Kuwaiti Dinars (KD 2,500,000, approximately eight million eight hundred thousand United States Dollars) from the Kuwait Fund for Arab Economic Development for the purposes aforementioned;

Be it enacted the Queens Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows.

[26th November, 2010.]

1. Short title

This Act may be cited as the Agricultural Feeder Roads Rehabilitation Project Loan Authorisation Act.

2. Authority to raise loan

(1) The Minister of Finance is hereby authorised to raise a loan of an amount of—

- (a) eight million five hundred thousand United States Dollars from the OPEC Fund for International Development; and
- (b) two million five hundred thousand Kuwaiti Dinars (KD 2,500,000, approximately eight million eight hundred thousand United States Dollars) from the Kuwait Fund for Arab Economic Development,

for the purpose of rehabilitating and upgrading Agricultural Feeder Roads in Grenada.

(2) All monies borrowed under this Act shall be effected and secured pursuant to the terms and conditions specified in the Schedule.

Schedule

[Section 2(2).]

LOAN NUMBER PB

Draft

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT

(Phase II)

LOAN AGREEMENT BETWEEN GRENADA AND THE OPEC FUND FOR INTERNATIONAL
DEVELOPMENT

DATED, 2010

AGREEMENT dated 2010, between Grenada ("the Borrower") and OFID.

Whereas the Borrower has requested assistance from OFID in the financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of eight million five hundred thousand Dollars (\$8,500,000) upon the terms and conditions set forth hereinafter;

Now therefore, the parties to this Loan Agreement (the "Agreement") hereby agree as follows.

ARTICLE 1

General Conditions: Definitions

1.01 The General Conditions attached hereto shall constitute an integral part of this agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings—

- (a) "Authorised Representative of the Borrower" means the Minister of Finance, Planning, Economy, Energy and Co-operatives of the Borrower;
- (b) "Closing Date" means 30 June, 2013;
- (c) "Dollar and the sign \$" mean and refer to the lawful currency of the United States of America;
- (d) "Eligible Expenditure Commencement Date" means 18 June, 2010;

- (e) "Executing Agency" means the Ministry of Works, Physical Development, Public Utilities and the Environment and the Ministry of Agriculture, Land, Forestry and Fisheries;
- (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December, 2007;
- (g) "Grace Period" means the period beginning on the (Date of the Agreement) and ending four (4) years from that date; and
- (h) "Loan Administrator" means the Kuwait Fund for Arab Economic Development.

ARTICLE 2

The Loan

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount eight million five hundred thousand Dollars (\$8,500,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of five per cent (5%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 Interest shall accrue from day to day and be prorated on the basis of a three hundred and sixty (360) day-year and shall be payable in arrears on the Interest Payment Dates.

2.04 Interest shall be paid semi-annually on 15 March and 15 September in each year into OFID Account.

2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in twenty-eight (28) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

ARTICLE 3

Effectiveness

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of—

- (a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorised and ratified according to the constitutional requirements of the Borrower;
- (b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorised and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (c) evidence that the loan agreement between the Loan Administrator and the Borrower for financing the Project has been declared effective or will be declared effective concurrently with this Agreement.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

ARTICLE 4

Addresses

4.01 The parties' addresses are as specified below—

For the Borrower—

Ministry of Finance, Planning, Economy, Energy and Co-operatives

St. George's

GRENADA

Facsimile: (+1-473) 440-0775

For OFID—

The OPEC Fund for International Development

Parkring 8

A-1010 Vienna

AUSTRIA

Facsimile: (+43-1) 513-9238

LOAN NO. PB

IN WITNESS whereof the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BORROWER:

Signature

Name

Title

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Signature

Name

Title

GRENADA

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT

(PHASE II)

SCHEDULE 1

Description of the Project

The Project aims at financing the remaining activities of the Agricultural Feeder Roads Rehabilitation Project previously financed under OFID loan No. 1055PB. Works will include the rehabilitation of the agricultural feeder roads originally identified, but not covered under the first phase of the Project.

The objective of the Project will be achieved through the implementation of the following components—

(a) Rehabilitation of Agricultural Feeder Roads

This includes the rehabilitation and/or upgrading of 30.6 km of agricultural feeder roads corresponding to 21 road sections, using, in particular, asphalt surfacing on the roads and concrete pavement on steep gradients and tight bends. Works include the construction and rehabilitation of drainage systems, sea defences and bridges.

(b) Consultancy Services

This component will cater for the consultancy services required for the execution of engineering studies, preparation of detailed engineering designs and construction and auditing supervision of the Project.

(c) Institutional Support for the Project Management Unit (PMU)

Under this component, costs pertaining to the staff of, as well as office equipment for, the PMU will be financed.

GRENADA

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT

(PHASE II)

SCHEDULE 2

Loan Allocation

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component—

<i>Component</i>	<i>Amount of the Loan Allocated (Expressed in Dollars)</i>	<i>Percentage of Total Expenditure to be Financed</i>
.....
.....
(1) Rehabilitation of the Agricultural Feeder Roads	8,200,000	40
(2) Consultancy Service	280,000	42
(3) Institutional Support (PMU)	20,000	40
Total:	8,500,000	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower:
- (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and
 - (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

GRENADA

AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT

(PHASE II)

SCHEDULE 3

Amortization

<i>No.</i>	<i>Date of Repayment</i>	<i>Amount Due (Expressed in Dollars)</i>
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1	15 September, 2015	303,500
2	15 March, 2016	303,500
3	15 September, 2016	303,500
4	15 March, 2017	303,500
5	15 September, 2017	303,500
6	15 March, 2018	303,500
7	15 September, 2018	303,500
8	15 March, 2019	303,500
9	15 September, 2019	303,500
10	15 March, 2020	303,500
11	15 September, 2020	303,500
12	15 March, 2021	303,500
13	15 September, 2021	303,500
14	15 March, 2022	303,500
15	15 September, 2022	303,500
16	15 March, 2023	303,500
17	15 September, 2023	303,500
18	15 March, 2024	303,500
19	15 September, 2024	303,500
20	15 March, 2025	303,500
21	15 September, 2025	303,500
22	15 March, 2026	303,500
23	15 September, 2026	303,500
24	15 March, 2027	303,500
25	15 September, 2027	303,500
26	15 March, 2028	303,500
27	15 September, 2028	303,500
28	15 March, 2029	305,500
	Total:	8,500,000
ORIGINAL: ARABIC		LOAN NUMBER:

DRAFT LOAN AGREEMENT

AGRICULTURAL FEEDER ROADS PROJECT

(PHASE II)

Between

GRENADA

And

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

Dated:

Loan Agreement

Agreement, datedbetween Grenada (hereinafter referred to as "the Borrower") and Kuwait Fund for Arab Economic Development (hereinafter referred to as "the Fund").

Whereas, the Borrower has requested the Fund to assist in the financing of the Agricultural Feeder Roads Project (Second Phase) described in detail in Schedule 2 to this Agreement (hereinafter called "the Project");

Whereas, the Borrower has entrusted the responsibility of implementing the project to the Ministry of Works, Physical Development and Public Utilities (hereinafter called "the Ministry"), through its Project Implementation Unit (hereinafter called "the Unit") and to hand over to the Ministry of Agriculture, Forestry and Fisheries upon its implementation to be responsible for its maintenance through its Farm Roads Unit;

Whereas, the Borrower has concluded or intends to conclude a Loan Agreement with OPEC Fund for International Development to assist in the financing of the Project (such Loan hereinafter referred to as OFID Fund Loan);

Whereas, the Borrower is willing to provide from its own resources or from other resources such further sums in foreign and local currencies as shall be necessary to cover the cost 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 required for the execution of their development projects and programmes;

Whereas, the Fund is convinced of the importance and benefits of the project in contributing to the development of the Borrower's economy; and

Whereas, the Fund has agreed, in view of the foregoing, to make a loan, hereinafter referred to as the loan, to the Borrower 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

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 and Five Hundred Thousand Kuwaiti Dinars (KD. 2,500,000/-).

1.02. The Borrower shall pay interest at the rate of two and half per cent (2.5%) 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.

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

1.04. In the event that the Fund, pursuant to Section 3.02 of this Agreement, enters into a special irrevocable commitment at the request of the Borrower, a charge for such special commitment shall be paid by the Borrower 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.

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

1.06. The Borrower shall repay the principal of the Loan in accordance with the provisions for amortization of the Loan set forth in Schedule 1 to this Agreement.

1.07. Interest and other charges shall be payable semi-annually on 15 February and 15 August in each year.

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 anyone or more maturities, provided that after such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

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

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.

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 the respective amount of foreign currency.

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.

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

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 1 September, 2010 or to finance local costs of goods produced in the territories of the Borrower.

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 irrevocable 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 cancellation of the Loan or suspension of the right of the Borrower to make withdrawals from the Loan.

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.

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.

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.

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.

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.

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.

3.09. The right of the Borrower to make withdrawals from the Loan shall terminate on 31 December, 2013, or such other date as may from time to time be agreed between the Borrower and the Fund.

ARTICLE IV

Particular Covenants

4.01. The Borrower shall make arrangements satisfactory to the Fund for making the proceeds of the Loan available to the Ministry by way of budgetary allocation.

4.02. The Borrower shall entrust the responsibility of implementing and operating the Project to the Ministry, or such successor thereof as may be agreed with the Fund. The Borrower shall ensure that the Ministry will continue to function under rules or regulations satisfactory to the Fund and have such powers, management and administration as are necessary for the diligent and efficient carrying out and maintenance of the Project.

The Borrower shall inform the Fund of any proposed action which would affect the nature or constitution of the Ministry in a manner which is likely to prejudice the realisation of the objectives of 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 thereto.

4.03. (a) 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 as may be applicable to the various components of the Project.

(b) With a view to the efficient implementation of the Project, the Borrower shall take the necessary measures for the establishment within the Ministry, not later than one month from the date of the signature of this Agreement, or such other date as may be agreed with the Fund, of a project implementation unit to be responsible for administration of the execution of the Project. Such unit shall be headed by a qualified and experienced engineer acceptable to the Fund, and shall consist of adequate technical, accounting and administrative staff to the satisfaction of the Fund.

4.04. In carrying out the Project, the Borrower shall employ or cause to be employed engineering consultants acceptable to, and upon terms and conditions satisfactory to the Fund.

4.05. The awarding of contracts for the execution of the Project, which are to be financed from the Loan as well as the amendment and termination of such contracts, shall be subject to the Fund's approval.

4.06. The Borrower shall make or cause to be made available promptly as needed all other sums which shall be required, in addition to the Loan, for carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Fund.

4.07. 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.

4.08. The Borrower shall take all necessary measures to ensure the timely completion of all elements included in the description of the Project in accordance with the overall program of implementation of the Project.

4.09. The Borrower shall take the necessary measures to ensure minimisation of any damage to the environment as a result of the design, construction or operation of the Project.

4.10. 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, 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 and its management, the goods and any relevant records and documents, and shall furnish to 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 finances of the Ministry.

With a view to keeping the Fund informed of the progress of the Project, the Borrower shall furnish to the Fund every month from the date of signing this Agreement periodic and detailed reports in English on the implementation of the Project by comparison to the program of its execution and shall, within six months from the date of completion of the Project, furnish to the Fund a Project completion report in English which shall include, in particular, comparison of actual expenditures on the Project with its estimated costs and indicate the reasons for any costs overruns as well as any special problems encountered during execution of the Project. Such report shall also include information regarding utilisation of the goods in the Project and an evaluation of the overall performance and results against intended targets.

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

4.12. The Borrower shall adequately maintain or cause to be adequately maintained its network of paved roads and its bridges in accordance with sound engineering practices and to this end shall annually allocate sufficient funds for carrying out the necessary maintenance works.

4.13. The Borrower shall take the necessary measures to ensure that the dimensions and axle-loads of vehicles using the road and bridges constructed under the Project will not exceed the structural and geometric standards of the said road and bridges. The Borrower shall also develop a policy of overseeing the use of other paved roads and bridges within its road network so as to ensure that the dimensions and axle-loads of vehicles using the same are consistent with the design standards of such roads and bridges.

4.14. The Borrower and the Fund shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each party shall furnish to other such information as that other may reasonably request concerning the general status of the Loan.

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.

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 an external debt, such lien will *ipso facto* equally and ratably, and without any cost to the Fund, 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 and the term lien includes mortgages, pledges, charges, privileges and priorities of any kind.

4.16. The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any taxes, levies and charges imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future.

4.17. This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future, on or in connection with the execution, issue, delivery or 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 any country or countries (other than the State of Kuwait) in whose currency the Loan may be repaid.

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, whether at present or in the future.

4.19. The Borrower shall 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.

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

4.20. 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.

4.21. All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters and the Borrower shall accord the Fund in respect thereof full immunity from censorship and inspection.

4.22. All Fund assets and income shall be exempt from nationalisation, confiscation and seizure.

ARTICLE V

Cancellation and Suspension

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.

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.

5.03. If any event specified in paragraph (a) of Section 5.02 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 paragraphs (b), (c) and (d) of Section 5.02 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.

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.

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.

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.

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

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.

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.

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.

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. 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 either party to the other. 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 other party shall notify the party instituting the proceedings of the name of the arbitrator appointed by such other party and failing this, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings.

If within sixty days after the giving of the notice instituting the arbitration proceedings the parties shall not have agreed upon the Umpire, either party may request the President of the International Court of Justice to appoint the Umpire.

The Arbitral Tribunal shall convene for the first time 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 so as to afford a fair hearing to each party and shall determine the matters submitted to it whether both parties appear before it or in default of appearance of either of them. Decisions of the Arbitral Tribunal shall be by majority vote and it shall render its award in writing. Such award shall be signed, at least, by a majority of the members of the Arbitral Tribunal and a signed counterpart thereof shall be transmitted to each party. The award of the Arbitral Tribunal rendered in accordance with the provisions of this Section shall be final and binding upon the parties who shall abide by, and comply with such award.

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.

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.

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

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.

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.

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 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

8.01. This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that—

- (a) 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 Loan Agreement of OFID Fund has been concluded.

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.

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.

8.04. If all acts required to be performed pursuant to Section 8.01 shall not have been performed before 90 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.

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

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 Agricultural Feeder Roads (Second Phase) 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 purpose of Section 7.01—

For the Borrower—

Ministry of Finance and Planning
Financial Complex
Carenage
St. Georges
Grenada

Alternative address for faxes and E-Mail—

FAX E-Mail
(1-473) 440 4115 finance@gov.gd

For the Fund—

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

Alternative address for faxes and E-Mail—

FAX E-Mail
(965) 22999190 operation@kuwait-fund.org
(965) 22999091

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 two copies, each considered an original and all to the same and one effect, as of the day and year first above written.

Kuwait Fund for Arab Economic Development Grenada

By:

By:

.....
.....

.....
Authorised Representative

.....
Authorised Representative

SCHEDULE 1

Repayment Provisions

The amount of principal withdrawn from loan shall be repaid in 32 semi-annual instalments, the amount and order of sequence of each being as set forth in the attached schedule. The first of these instalments shall be due on the first date on which any interest or other charges on the loan shall fall due, in accordance with the provisions of the Loan Agreement, after the elapse of a grace period of 3 years, commencing from the date on which the Fund pays, any amount from the loan pursuant to the first withdrawal application made by the Borrower or the date on which the Fund issues an undertaking pursuant to Section 3.02 of the Loan Agreement, in case the first withdrawal application requests the issue of such undertaking, whichever is earlier of the two dates. The remaining instalments for the repayment of the principal shall be due consecutively, every six-month, after the date on which the first instalment falls due.

ANNEX TO SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Sl. No.</i>	<i>Payment of Principal (Expressed in Kuwaiti Dinars)</i>
1.	73,500
2.	73,500
3.	73,500
4.	73,500
5.	73,500
6.	73,500
7.	73,500
8.	73,500
9.	73,500
10.	73,500
11.	73,500
12.	73,500
13.	73,500
14.	73,500
15.	73,500
16.	73,500
17.	73,500
18.	73,500
19.	73,500
20.	73,500
21.	73,500
22.	73,500
23.	73,500
24.	73,500
25.	73,500
26.	73,500

27.	73,500
28.	73,500
29.	73,500
30.	73,500
31.	73,500
32.	73,500
33.	73,500
34.	74,500
Total	2,500,000

SCHEDULE 2

Description of the Project

The Project aims to enhance the social and economic development of Grenada, reduce vehicle operating costs and facilitate transport of agricultural produce and passengers in the Parishes of the Island through the rehabilitation of agricultural feeder roads that are safe to use in all weather conditions. The Project is the second phase of the agricultural feeder roads project.

The Project includes the following components—

1. Civil engineering works for the reconstruction and rehabilitation of approximately 35 kilometres of agricultural feeder roads. The work involves site preparation, earthworks, pavement layers, drainage structures, bridges and road safety works.
2. Consultants' services for the supervision of construction.
3. Institutional support for the Project Implementation Unit, including office furniture, computers and office equipment, and training of two personnel.

The Project is expected to be completed by the end of 2012.

Side Letter No. 1

Date:

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

Dear Sirs:

Subject: List of Goods to be financed from the Loan – Methods and Procedure for Procurement

1. With reference to Sections 3.06 and 4.06 of the Loan Agreement signed today between us for the financing of the Agricultural Feeder Roads Project (Second Phase), we attached herewith a List of Goods showing the items to be financed by the Loan and the allocation for each item and percentage of expenditure thereon to be so financed. We agree that if the Kuwait Fund for Arab Economic Development (the Fund) finds that the allocation for any item is insufficient to finance the percentage specified in the said List of Goods out of the expected cost of such item, it may take any of the following measures to—
 - (a) allocate for that item, within the limit of the amount necessary to cover the shortfall in financing on the bases of the specified percentage, an additional amount against the allocation for contingency in the List of Goods or against the allocation for any other item if the Fund considers that there is a surplus in that allocation.
 - (b) reduce the percentage to be financed from the Loan out of the total foreign cost of the particular item, if the additional allocation for that item, in accordance with the foregoing, is insufficient to cover the shortfall referred to above, or if the Fund is of the opinion that it is not possible to allocate any additional amount from the Loan for that item, so that as a consequence of such reduction withdrawals from the Loan will continue for financing the cost of the goods, works or services included in that item until the total cost thereof is covered in full.
2. We confirm that the proceeds of the Loan shall not be used for the payment of any taxes or duties imposed under the laws in force in Grenada.

3. We also confirm that all items to be financed from the Loan will be grouped in appropriate packages from the point of view of type and size in order to facilitate, to the extent possible, obtaining of bids on international competitive basis.
Unless herein or otherwise agreed with the Fund, the procedure of international competitive bidding will be used for procurement of all such items.
4. We also confirm that the consultants required for supervision of the execution of the Project shall be the same who supervised the first phase of the Project, taking into consideration that the new unit rates do not exceed the unit rates that were employed in supervising the first phase of the Project.
5. We further confirm that the contractors for construction works shall be the same who implemented the first phase of the Project, taking into consideration that the new unit rates do not exceed the unit rates that were employed in implementing the first phase of the Project.
6. With respect to items of goods to be financed under Component 3 of the Project and for which the lengthy procedure of ordinary competitive bidding is not suitable, such items will be procured through solicitation of quotations from a reasonable number of suppliers, who shall not be less than four, from different countries including Grenada, if the required goods are available in it. All contracts will be presented to the Fund for approval before placing the order or making the contract.
7. 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 to you the procedure for inviting bids as well as the draft tender documents for the procurement of such goods and works for review and approval and shall make such reasonable alterations as may be requested by you in such documents or in the bidding procedures. We shall furnish, or cause to be furnished, to you a detailed report on the evaluation of bids in each case, together with the recommendation for award, for review and approval. In the event it is necessary to conduct negotiations with the selected bidder, we shall furnish, or cause to be furnished, to you the final draft contract emerging from such negotiations for approval by you.
8. Following signature of any contract to be financed from the Loan, we shall furnish, or cause to be furnished, to you an original or conformed and certified copy of such contract for your records and for the purpose of disbursements from the Loan. Any material amendment proposed to be made in any contract, which has been approved by you, will be presented to you for approval.
9. With a view to establishing and promoting co-operation with Kuwaiti banks, we shall in the case of procurement of goods requiring the establishment and confirmation of letters of credit obtain such confirmation from Kuwaiti banks operating in Kuwait or overseas.
10. Please indicate your agreement to the attached List of Goods and confirm that the foregoing reflects the understandings reached between us, by signing the form of confirmation on the attached copy of this letter and returning it to us.

Grenada

By:

.....

Authorised Representative

Confirmed:

Kuwait Fund for Arab Economic Development

By:

Authorised Representative

<i>SI. No.</i>	<i>Item</i>	<i>Allocation of Proceeds (Kuwait Dinars)</i>	<i>Percentage of the Total Cost of the Item</i>
1	Civil Engineering Works	1,940,000	33%
2	Consultancy Services	100,000	64%
3	Institutional Support	10,000	67%
4	Unallocated Contingencies	450,000	
Total Amount of the Loan		2,500,000	

Side Letter No. 2

GRENADA

Date:

Kuwait Fund for Arab Economic Development

P.O. Box 2921, Safat

Kuwait, 13030

Dear Sirs:

With reference to the Loan Agreement signed today between us for the financing of the Agricultural Feeder Roads 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 transactions involving any firm boycott regulations or entity subject to boycott under these regulations 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 goods or services produced by any country, firm or entity subject to boycott according to the regulations in force in the State of Kuwait.

Grenada
By:

.....
Authorised Representative

Confirmed:
Kuwait Fund for Arab Economic Development

By:
Authorised Representative

GRENADA

Side Letter No. 3

Date:

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

We refer to Section 2.04 of the Loan Agreement of even date herewith between us for the financing of the Agricultural Feeder Roads Project (Second Phase) We understand that the rate of exchange between the Kuwaiti Dinar and other currency or currencies used for disbursement or debt service payment under the Loan shall be determined as follows—

- (a) the rate used for disbursement purposes shall be the rate advised by the bank effecting the payment made from the Loan in any currency other than the Kuwaiti Dinar; and
- (b) in case of debt service payment in a currency acceptable to the Fund, other than the Kuwaiti Dinar, the rate of exchange between such other currency and the Kuwaiti Dinar shall be the rate published by the Central Bank of Kuwait on the day the payment was received.

Please confirm your agreement to the foregoing by signing the attached copy of this letter and returning it to us.

Grenada
By:

.....
Authorised Representative

Confirmed:
Kuwait Fund for Arab Economic Development

By:
Authorised Representative

**CHAPTER 5A
AGRICULTURAL FEEDER ROADS REHABILITATION PROJECT LOAN
AUTHORISATION ACT**

SUBSIDIARY LEGISLATION

No Subsidiary Legislation
