



# The OPEC Fund for International Development

## OPEC FUND LENDS US\$4.5 MILLION TO GUATEMALA IN SUPPORT OF SOCIAL DEVELOPMENT PROJECT

Vienna, Austria, August 22, 1997

The OPEC Fund for International Development today signed an agreement with the Republic of Guatemala for a loan of US\$4.5 million to help support the work of the Guatemalan Social Investment Fund (SIF). An autonomous financial body, SIF was set up by the government to provide a rapid response mechanism for the financing of small-scale development schemes proposed by municipalities, cooperatives and other community groups.

Some 2,000 sub-projects, relating to the upgrading of social services and essential infrastructure in poor communities, have been identified and prioritized by SIF. Of these, 122 will be directly supported by the OPEC Fund's loan which will help finance the construction and equipping of 88 small schools (ranging in size from one to six classrooms) and 20 health care units. The loan will also provide for the building of three sewerage systems and 11 water supply systems.

Concentrated in Guatemala's southeastern departments of Chiquimula, El Progreso, Jalapa, Jutiapa, Santa Rosa and Zacapa, the various sub-projects will benefit over 34,000 people by providing health, education and sanitation facilities in impoverished rural communities where there is an urgent need for better infrastructure and social services. As construction work on SIF sub-projects is carried out primarily by local contractors, additional employment opportunities will also be created.

Including today's agreement the OPEC Fund has now supported a total of six operations in Guatemala. Previous loans include one extended for balance of payments support and four others which helped finance rural development, energy and road construction projects.

Today's agreement was signed in Vienna by H.E. Mr. Mario Juárez Toledo, Ambassador of the Republic of Guatemala to Austria, and by H.E. Dr. Saleh A. Al-Omair, Chairman of the Governing Board of the OPEC Fund.

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# The OPEC Fund for International Development

LOAN NO. 694P

## SIF-HEALTH, EDUCATION AND WATER SUPPLY PROJECT

### LOAN AGREEMENT

BETWEEN

THE REPUBLIC OF GUATEMALA

AND

THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT

DATED

AUGUST 22, 1997

# The OPEC Fund for International Development

AGREEMENT dated August 22, 1997, between the Republic of Guatemala (hereinafter called the Borrower) and the OPEC Fund for International Development (hereinafter called the Fund).

Whereas OPEC Member States, being conscious of the need for solidarity among all developing countries and aware of the importance of financial cooperation between them and other developing countries, have established the Fund to provide financial support to the latter countries on concessional terms, in addition to the existing bilateral and multilateral channels through which OPEC Member States extend financial assistance to other developing countries;

And whereas the Borrower has requested assistance from the Fund in the financing of the Project described in Schedule 1 to this Agreement;

And whereas the Borrower has inter alia also requested the International Bank for Reconstruction and Development (IBRD) to assist in the financing of the Project by extending a loan thereto;

And whereas the Governing Board of the Fund has approved the extension of a loan to the Borrower in the amount of Four Million Five Hundred Thousand US Dollars (US\$ 4,500,000) upon the terms and conditions set forth hereinafter, and has further approved that the IBRD be entrusted with the task of the administration of the loan provided under this Agreement;

Now, therefore, the parties hereto hereby agree as follows:



# The OPEC Fund for International Development

## Article 1 DEFINITIONS

1.01 Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

(a) "Fund" means the OPEC Fund for International Development established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) by virtue of the Agreement signed in Paris on January 28, 1976, as amended.

(b) "Fund Management" means the Director-General of the Fund or his authorized representative.

(c) "Loan Administrator" means the IBRD or such other agency as the Borrower and the Fund Management may agree upon.

(d) "Loan" means the loan provided by virtue of this Agreement.

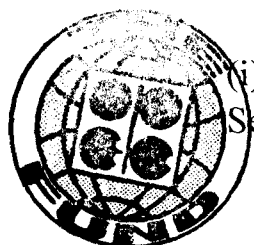
(e) "Dollars" and the sign "\$" mean the currency of the United States of America.

(f) "Project" means the project or program for which the Loan is granted as described in Schedule 1 to this Agreement and as the description thereof may be amended from time to time by agreement between the Borrower and the Fund Management.

(g) "Goods" means equipment, supplies and services required for the Project. Reference to the cost of goods shall be deemed to include also the cost of importing such goods in the territories of the Borrower.

(h) "Executing Agency" means the Social Investment Fund (SIF) established by the Borrower or such other agency as may hereafter be agreed upon between the Borrower and the Fund Management.

(i) "Closing Date" means the date specified under or pursuant to Section 2.11 of this Agreement.



# The OPEC Fund for International Development

(j) "Effective Date" means the date on which this Agreement shall come into force and effect.

\* \* \*

## **Article 2** **THE LOAN**

2.01 A loan in the amount of Four Million Five Hundred Thousand Dollars (\$ 4,500,000) is hereby extended by the Fund to the Borrower on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of three and one half per cent (3.5 %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

2.03 The Borrower shall pay from time to time a service charge at the rate of one per cent (1 %) per annum on the principal amount of the Loan withdrawn and outstanding, to meet the expenses of administering the Loan.

2.04 Interest and service charges shall be paid in Dollars semi-annually on February 22 and August 22 in each year into an account of the Fund designated for this purpose by the Fund Management.

2.05 After this Agreement has been declared effective pursuant to Section 7.01, and unless the Borrower and the Fund shall otherwise agree, the proceeds of the Loan may be withdrawn from time to time to meet expenditures made after June 16, 1993, or to be made on later dates in respect of the reasonable cost of goods required for the Project which are to be financed out of the Loan proceeds as outlined in Schedule 2 to this Agreement in the amendments of such a Schedule duly approved by the Fund Management.

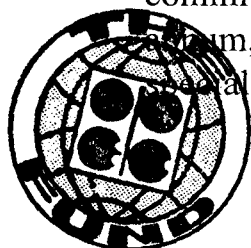


# The OPEC Fund for International Development

2.06 Except as the Fund Management shall otherwise agree, withdrawals from the Loan may be made in the currencies in which the expenditures referred to in Section 2.05 have been paid or are payable. In case payment shall be requested in a currency other than Dollars, such payment shall be effected on the basis of the actual Dollar cost incurred by the Fund in meeting the request. The Fund Management shall act in the purchase of currencies as the Borrower's agent. Withdrawals in respect of expenditures in the currency of the Borrower, if any, shall be made in Dollars according to the official rate of exchange at the time of withdrawal, and in the absence of such a rate, according to a reasonable rate as the Fund Management shall, from time to time, decide upon.

2.07 Applications for withdrawal shall be prepared in two original conformed copies and a copy each shall thereafter be submitted to the Fund and the Loan Administrator by the representative of the Borrower designated in, or in accordance with, Section 8.02. Every application so submitted shall be accompanied with such documents and other evidence sufficient in form and substance to satisfy the Fund and the Loan Administrator that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn will be used exclusively for the purposes specified in this Agreement.

2.08 Upon the Borrower's request and on such terms and conditions as shall be agreed upon by the Borrower, the Fund Management and the Loan Administrator, the Fund Management may issue or authorize the Loan Administrator to issue, on behalf of and for the account of the Fund, guarantees to commercial banks for letters of credit requested by the Borrower in favour of the Project's contractors, or to enter into other qualified or special commitments with third parties to pay amounts in respect of expenditures to be financed under the Loan. Under a qualified commitment, the obligation of the Fund to pay shall cease immediately upon any subsequent suspension or cancellation of the Loan. Under a special commitment, the obligation of the Fund shall not be affected by any subsequent suspension or cancellation. In case of issuance of a special commitment, the Borrower shall pay a commitment charge at the rate of one half of one per cent ( $\frac{1}{2}$  of 1%) per annum, payable in Dollars, from time to time on the principal amount of the special commitment entered into and outstanding.



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2.09 The Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to the Fund 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-four equal semi-annual instalments commencing on August 22, 2002, after a grace period running up to that date, and thereafter in accordance with the Amortization Schedule annexed to this Agreement. Each instalment shall be in the amount of One Hundred and Eighty-Seven Thousand Five Hundred Dollars (\$ 187,500) and shall be transferred on the date of repayment to the Fund's Account as requested by the Fund Management.

2.10 The Borrower undertakes to ensure that no other external debt shall have priority over this Loan in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of the Borrower.

2.11 The Borrower's right to make withdrawals from the loan proceeds shall terminate on December 31, 2001, or such later date as shall be established by the Fund Management. The Fund Management shall promptly inform the Borrower of such later date.

\* \* \*

## **Article 3** **EXECUTION OF THE PROJECT**

3.01 The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources, in addition to the proceeds of the Loan, required for the purpose.

3.02 The proceeds of the Loan shall be made available to the Executing Agency on a grant basis in accordance with such arrangements as may be agreed between the Borrower and the Executing Agency and on such terms and conditions as may be acceptable to the Fund Management.



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3.03 The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project are conducted and coordinated in accordance with sound administrative policies and procedures.

3.04 (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely useable by the Borrower to replace or repair such goods.

(b) Except as the Fund shall otherwise agree, all the goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project.

(c) The procurement of goods under this Agreement shall generally be in conformity with the provisions of the "Procurement Guidelines under Loans Extended by the OPEC Fund" as approved on November 2, 1982, a copy of which has been furnished to the Borrower, or in conformity with such other procedures, not inconsistent therewith, as may be acceptable to the Parties to this Agreement and, in particular, the Procurement Guidelines or other instrument of like effect issued by the Loan Administrator.

3.05 (a) The Borrower shall furnish to the Fund and the Loan Administrator, promptly upon their preparation, the plans, specifications, contract documents and construction and procurement schedules for the Project and any material modifications thereof or additions thereto, in such detail as the Fund or the Loan Administrator shall reasonably request.

(b) The Borrower:

(i) shall maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project;





# The OPEC Fund for International Development

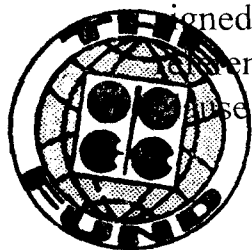
(ii) shall enable the representatives of the Fund and the Loan Administrator to visit the facilities and construction sites included in the Project and to examine the goods and works financed out of the proceeds of the Loan and any relevant records and documents; and

(iii) shall, at regular intervals, furnish to the Fund and the Loan Administrator all such information as the Fund or the Loan Administrator shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditures of the proceeds of the Loan and the goods, works and services financed out of such proceeds as well as a quarterly report on the progress in the implementation of the Project.

(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date, or such later date as may be agreed for this purpose after consultation between the Borrower, the Loan Administrator and the Fund, the Borrower shall prepare and furnish to the Fund and the Loan Administrator a report, of such scope and in such detail as the Fund Management shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Fund of their respective obligations under this Agreement and the accomplishment of the purposes of the Loan.

3.06 The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained accounting practices, the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out of the Project and any part thereof and shall make such records available to both the Fund and the Loan Administrator upon request of either party.

3.07 In so far as is consistent with this Agreement, the Borrower shall abide vis-a-vis the Fund by all such conditions related to the execution and administration of the Project as the Borrower accepts in its loan agreement signed or to be signed with the IBRD for the partial financing of the Project, references to IBRD in such agreement being deemed for the purposes of this Agreement to be references to the Fund.



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3.08 Subject as provided in Section 3.07, the Borrower shall consult the Fund before agreeing with IBRD on amendments of the conditions related to the execution or administration of the Project. No such amendments shall be deemed to be incorporated in this Agreement without the prior approval of the Fund.

3.09 In full recognition of the role of the Loan Administrator in the supervision of the implementation of the Project, including the review and approval of the Project contracts and the approval of procurements and of withdrawal applications, the Borrower shall cooperate fully with the Loan Administrator to ensure that the purposes of the Loan will be accomplished. In the context of the foregoing, the Borrower shall, from time to time:

(a) exchange views with the Fund and the Loan Administrator with regard to the progress of the Project, the benefits derived therefrom and the performance of the Borrower's obligations under this Agreement, as well as other matters relating to the purposes of the Loan;

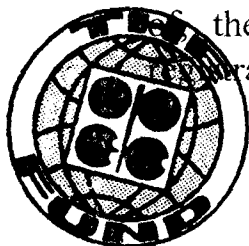
(b) promptly inform the Fund and the Loan Administrator of any condition which interferes with, or threatens to interfere with, the progress of the Project or the performance by the Borrower of its obligations under this Agreement.

3.10 All references to the Borrower in this Article shall, mutatis mutandis, be construed as including references to the Executing Agency.

\* \* \*

## Article 4 EXEMPTIONS

4.01 This Agreement and any supplementary agreement between the Parties to it shall be free from any taxes, levies or duties levied by, or in the territory of, the Borrower on or in connection with the execution, delivery or administration thereof.



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4.02 The principal of, the interest and the service charges on, the Loan shall be paid without deduction for, and free from, any charges and restrictions of any kind imposed by or in the territory of the Borrower.

4.03 All Fund documents, records, correspondence and similar material shall be considered as confidential by the Borrower, unless otherwise agreed by the Fund.

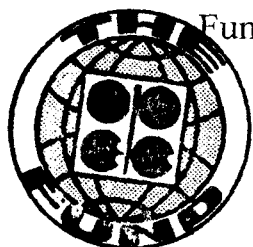
4.04 The Fund and its assets shall not be subject to any measures of expropriation, nationalization, sequestration, custody or seizure in the territory of the Borrower.

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## **Article 5** **ACCELERATION OF MATURITY; SUSPENSION AND** **CANCELLATION**

5.01 If any of the following events shall occur and shall continue for the period specified below, then at any subsequent time during the continuance of that event, the Fund Management may by notice to the Borrower declare the principal of the Loan then outstanding to be due and payable immediately together with the interest and service charges thereon and in that case the principal, together with the interest and all charges, shall become due and payable immediately:

- (a) A default shall occur and continue for a period of thirty days in the payment of any instalment of the principal or the interest or of the service charges under this Agreement or under any other agreement by virtue of which the Borrower has or shall have received a loan from the Fund;



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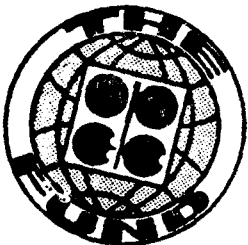
(b) A default shall occur in the performance of any other obligation on the part of the Borrower under this Agreement or under the Project Agreement, if any, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower.

5.02 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. The Fund may by notice to the Borrower suspend or terminate the Borrower's right to make withdrawals from the loan if any of the events mentioned in Section 5.01(a) and (b) shall occur or if the Borrower's right to make withdrawals under the IBRD loan referred to in the Preamble to this Agreement shall have been suspended or cancelled or if any other extraordinary situation shall have arisen which shall make it improbable for the Project to be successfully carried out or for the Borrower to be able to perform its obligations under this Agreement.

5.03 Notwithstanding the acceleration of maturity of the Loan pursuant to Section 5.01 or its suspension or cancellation pursuant to Section 5.02, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

5.04 No cancellation or suspension will apply to amounts subject to any special commitment entered into pursuant to Section 2.08 except as expressly provided for in such commitment.

5.05 Unless otherwise agreed upon between the Borrower and the Fund Management, any cancellation shall be applied pro rata to the several maturities of the principal amount of the Loan which shall mature after the date of such cancellation.



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# The OPEC Fund for International Development

## Article 6

### ENFORCEABILITY, TERMINATION OF FUND, ARBITRATION

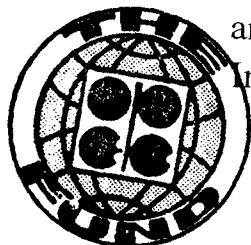
6.01 The rights and obligations of the Parties to this Agreement shall be valid and enforceable in accordance with their terms.

6.02 The Fund Management shall promptly inform the Borrower whenever any decision is taken for the dissolution of the Fund in accordance with the Agreement Establishing the Fund. In the event of such dissolution, this Loan Agreement shall remain in force and the Fund Management shall advise the Borrower of any substitute arrangements for the repayment of the Loan as may be devised by the appropriate authority of the Fund on such occasion.

6.03 The Parties to this Agreement shall endeavour to settle amicably all disputes or differences between them, arising out of this Agreement or in connection therewith. If the dispute or difference cannot be amicably settled, it shall be submitted to arbitration by the Arbitral Tribunal as hereinafter provided:

(a) Arbitration proceedings may be instituted by the Borrower against the Fund or vice versa. In all cases, arbitration proceedings shall be instituted by a notice given by the complainant party to the respondent party.

(b) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one by the claimant party, a second by the respondent party and the third (hereinafter called the Umpire) by agreement of the two arbitrators. If within thirty days after notice of the institution of arbitration proceedings the respondent party fails to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings. If the two arbitrators fail to agree on the Umpire within sixty days after the date of the appointment of the second arbitrator, such Umpire shall be appointed by the President of the International Court of Justice.



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(c) The Arbitral Tribunal shall convene at the time and place fixed by the Umpire. Thereafter, it shall determine where and when it shall sit. The Arbitral Tribunal shall determine all questions of procedure and questions relating to its competence.

(d) All decisions of the Arbitral Tribunal shall be reached by majority vote. The award of the Tribunal, which may be rendered even if one party defaults, shall be final and binding on both parties to the arbitration proceedings.

(e) Service of any notice or process in connection with any proceedings under this Section or in connection with any proceedings to enforce any award rendered pursuant to this Section shall be made in the manner provided in Section 8.01.

(f) The Arbitral Tribunal shall decide on the manner in which the cost of arbitration shall be borne by either or both parties to the dispute.

## Article 7

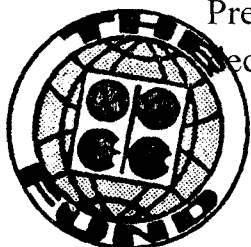
### EFFECTIVE DATE; TERMINATION OF THIS AGREEMENT

7.01 This Agreement shall become effective on the date upon which the Fund dispatches to the Borrower notice of its acceptance of the evidence required by Sections 7.02 and 7.03.

7.02 The Borrower shall furnish the Fund with satisfactory evidence that:

(a) the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower;

(b) the loan agreement in respect of the IBRD loan referred to in the Preamble to this Agreement has been declared effective or will be declared effective concurrently with this Agreement; and



# The OPEC Fund for International Development

(c) the proceeds of the Loan have been or shall be made available to the Executing Agency as provided in Section 3.02 of this Agreement.

7.03 In keeping with Section 7.02, the Borrower shall also furnish the Fund with a certificate issued by the Minister of Justice, or the Attorney General, or the Government's competent legal department showing that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

7.04 If this Agreement shall not have come into force and effect by November 30, 1997, this Agreement and all obligations of the parties hereunder shall terminate, unless the Fund, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

7.05 When the entire principal amount of the Loan shall have been repaid and the interest and all charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

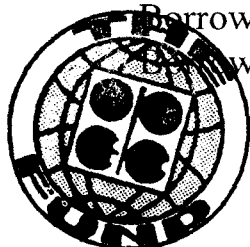
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## Article 8

### NOTICE; REPRESENTATION, MODIFICATION

8.01 Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, cable, telex or telefax to the party to which it is required to be given or made, at the party's address specified below or at any other address as the party shall have specified in writing to the party giving the notice or making the request.

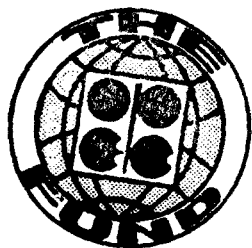
8.02 Any action required or permitted to be taken, and any documents required or permitted to be executed under this Agreement on behalf of the Borrower shall be taken or executed by the Minister of Public Finance of the Borrower or another officer authorized by him in writing.



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8.03 Any modification of the provisions of this Agreement may be agreed to on behalf of the Fund by the Chairman of the Fund's Governing Board and on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative designated by, or pursuant to, Section 8.02; provided that in the opinion of such representative the modification 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 of any such instrument as conclusive evidence that in the opinion of the Borrower the modification or amplification requested by such instrument will not substantially increase the obligations of the Borrower thereunder.

8.04 Any document delivered pursuant to this Agreement shall be in the English language. Documents in any other language shall be accompanied by an English translation thereof certified as being an approved translation and such approved translation shall be conclusive between the parties hereto.



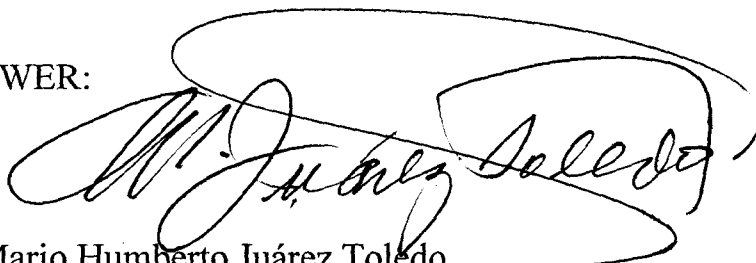
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# The OPEC Fund for International Development

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

FOR THE BORROWER:



Name: H.E. Mario Humberto Juárez Toledo  
Ambassador of Guatemala to the Republic of Austria

Address: Ministry of Public Finance  
Guatemala City  
Republic of Guatemala

Telex: 9207 MINFIP GU  
Telefax: 502 - 224 139

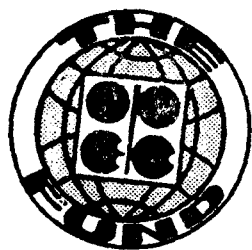
FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:



Name: H.E. Dr. Saleh Al-Omair  
Chairman of the Governing Board

Address: The OPEC Fund for International Development  
P.O. Box 995  
A-1011 Vienna  
Austria

Cable: OPECFUND  
Telex: 131734 FUND A  
Telefax: 5139238



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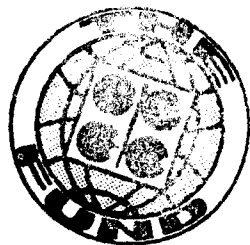
# The OPEC Fund for International Development

## SCHEDULES

Schedule 1: Description of the Project

Schedule 2: Loan Allocation

Schedule 3: Amortization Schedule



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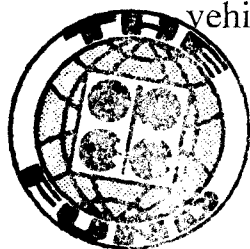
# The OPEC Fund for International Development

## THE REPUBLIC OF GUATEMALA SIF-HEALTH, EDUCATION AND WATER SUPPLY PROJECT

### SCHEDULE 1 DESCRIPTION OF THE PROJECT

The Project is an integral part of the country's overall plan for social development and aims at providing basic social services in the health, education and water supply sectors as well as support to economic activities, through a number of schemes encompassed under the following components:

- (a) SIF sub-projects, relating to (i) social assistance in such areas as community health, food and nutrition and basic education; (ii) social infrastructure sub-projects such as rehabilitation and construction of schools, health centers, latrines, water and drainage systems; (iii) economic infrastructure sub-projects such as small irrigation systems, wells, food warehouses as well as the rehabilitation or construction of access roads and small bridges; (iv) productive sector investments, covering the provision of funds to non-governmental organizations, producers' associations and cooperatives as well as loans and technical assistance to small enterprises in the areas of agriculture, fisheries and artisan production;
- (b) Strengthening of sponsoring and executing entities, relating to the provision of training and basic equipment for organizations that fall in the category of sponsoring agencies, beneficiaries or executors of SIF sub-projects, including training in accounting, preparation of sub-project proposals, monitoring and supervision; and
- (c) SIF administration, relating to the coverage of the operating costs and provision of technical assistance to SIF in support of its supervision, monitoring and evaluation activities as well as the procurement therefor of vehicles and equipment.



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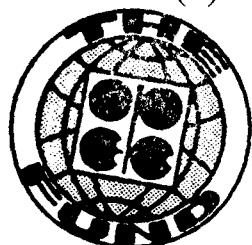
# The OPEC Fund for International Development

THE REPUBLIC OF GUATEMALA  
SIF-HEALTH, EDUCATION AND WATER  
SUPPLY PROJECT

SCHEDULE 2  
LOAN ALLOCATION

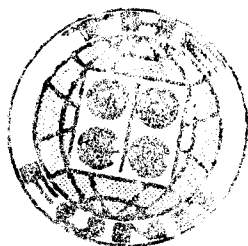
1. Unless otherwise agreed between the Borrower and the Fund Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of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

Component	Amount of the Loan Allocated (Expressed in US Dollars)	Percentage of Total Expenditures to be Financed
(a) SIF Sub-Projects:		
(i) Social Assistance and Infrastructure:		
(1) Health	1,129,086	90
(2) Education	2,299,285	90
(3) Water Supply	704,454	90
(ii) Economic Infrastructure	--	--
(iii) Productive Sector	--	--
(b) Strengthening of Sponsoring and Executing Entities	--	--
(c) SIF Administration	--	--
(d) Contingencies	367,175	--
Total:	<u>4,500,000</u>	



## The OPEC Fund for International Development

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if the Fund 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, the Fund 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 the Fund 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.



\* \* \*

# The OPEC Fund for International Development

THE REPUBLIC OF GUATEMALA  
SIF-HEALTH, EDUCATION AND WATER  
SUPPLY PROJECT

SCHEDULE 3  
AMORTIZATION SCHEDULE

<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in US Dollars)
August 22, 2002	187,500
February 22, 2003	187,500
August 22, 2003	187,500
February 22, 2004	187,500
August 22, 2004	187,500
February 22, 2005	187,500
August 22, 2005	187,500
February 22, 2006	187,500
August 22, 2006	187,500
February 22, 2007	187,500
August 22, 2007	187,500
February 22, 2008	187,500
August 22, 2008	187,500
February 22, 2009	187,500
August 22, 2009	187,500
February 22, 2010	187,500
August 22, 2010	187,500
February 22, 2011	187,500
August 22, 2011	187,500
February 22, 2012	187,500
August 22, 2012	187,500
February 22, 2013	187,500
August 22, 2013	187,500
February 22, 2014	<u>187,500</u>
Total:	<u><u>4,500,000</u></u>



PART ONE

**Guidelines for Withdrawal of Proceeds  
of OPEC Fund Loans**

## **Introduction**

1. The purpose of these Procedures is to enable Borrowers (and project or program executing agencies where applicable) to become familiar with the standard procedures to be followed for withdrawal of proceeds of loans from the OPEC Fund for International Development (Fund). The procedures described herein apply to project or program loans granted by the Fund.
2. The Articles of the Loan Agreement provide that the Fund shall make arrangements to ensure that the proceeds of financing are used only for the purposes for which the financing was provided and that amounts may be withdrawn only to meet expenses in connection with the project or program as they are actually incurred.
3. At the time the loan is negotiated, or as soon as practicable thereafter, a schedule entitled "Withdrawal of Proceeds of Loan" or "Loan Allocation" is drawn up in agreement between the Fund and the Borrower. Amendments to this schedule may be approved by the Fund in accordance with the provisions of the Loan Agreement. The schedule of withdrawal of the proceeds of the loan usually consists of a few main categories which correspond to a summary of the types of goods and services needed for the project or program to be carried out.
4. Before withdrawal can be made from the loan proceeds, the Borrower should provide the Fund with the following documents:
  - A. Satisfactory evidence that all conditions precedent to the effectiveness of the Loan Agreement have been fulfilled as required in Article No. of the Loan Agreement. The Loan Agreement will enter into force on the date on which the Fund Management dispatches to the Borrower notice of its acceptance of the evidence required (effectiveness date).
  - B. Sufficient evidence of the authority of the person(s) who will sign withdrawal applications on behalf of the Borrower together with the authenticated specimen signature of each such person. Any changes in the names or titles of the person(s) authorized should be communicated to the Fund immediately.
5. The Loan Agreement provides that for the purposes of withdrawals from the loan proceeds, the Borrower shall deliver to the Fund a written application duly signed along with supporting documents and other evidence as may be reasonably requested by the Fund. The Loan Agreement further provides that such withdrawal applications and supporting documents must be sufficient in form and substance to satisfy the Fund that the Borrower is entitled to withdraw from the loan proceeds and that the amount to be withdrawn is to be used only for the purposes specified in the Loan Agreement.
6. The standard withdrawal procedures consist of four procedures as described below:

### **A. Procedure I – Application for Reimbursement**

A Borrower having made a payment which is eligible for financing under the loan, may apply to the Fund for reimbursement. The applications may cover a number of purchase transactions provided they are all in the same currency. A separate application is required for each currency involved. Each item for which reimbursement is requested in the



application should be related to the appropriate category in the Schedule of Withdrawal of Proceeds of the Loan. The payment made by the Borrower may have been a payment for a completed transaction (i. e. full payment for goods which have been delivered) or it may have been a down or progress payment on a contract. In either case, the Borrower will submit a formal application for reimbursement. The application will be the same in each case, but the documentation required by the Fund at the time the disbursement is made will differ in the case of a progress payment and a payment on a completed transaction. In the case of a progress payment on a contract, the documentation required by the Fund would consist of a copy of the contract showing that the payment is due, together with evidence that payment to the supplier has been made. Shipping evidence will not be available, but the Borrower would be required to furnish evidence of shipment as soon as possible after shipment had taken place.

If the payment for which reimbursement is requested is for a completed transaction, the Borrower will be required to submit in support of the application

1. an invoice from the supplier (either the original or a legible copy),
2. evidence of payment to the supplier,
3. evidence of shipment.

If the evidence of payment consists of a report of payment by a commercial bank under a letter of credit, no evidence of shipment is required if the commercial bank's report of payment indicates that documents evidencing shipment were produced to the commercial bank at the time payment was made.

After approval of an application, the Fund makes disbursement to the Borrower or to the Borrower's order and notifies the Borrower of each disbursement made. If for any reason an application is not approved by the Fund, the Borrower is notified of the disapproval and the reasons therefor.

## **B. Procedure II – Application to Enable Payment to be Made**

A Borrower may also submit an application prior to having paid for goods or services. In such a case the application will request that the Fund, if it so agrees, make a payment direct to a supplier on the Borrower's behalf. The formal application should be supported by a copy of the contract or purchase order under which the payment is to be made, and if available, a copy of the supplier's invoice. If payment is to be made on a contract on the basis of work performed, an engineer's certificate or progress report should be submitted showing that the payment has become due.

Evidence of shipment should be furnished to the Fund as soon as possible after the goods have been shipped, together with a copy of the final invoice of the supplier.

After approval of an application, the Fund makes disbursement to the beneficiary and notifies the Borrower and the beneficiary of each disbursement made. If for any reason an application is not approved by the Fund, the Borrower is notified of the disapproval and the reasons therefor.

## **C. Procedures III and IV – Application for Agreement to Reimburse**

In many transactions involving the purchase of goods to be financed out of the Fund loan, the Borrower may wish to open a letter of credit and in certain cases may find that the commercial bank in the supplier's country is unwilling to open or confirm the credit without some guarantee or security. The Fund has set up two forms of agreements to reimburse under which it may provide the commercial bank with the assurance it requires.

It must be pointed out that the Fund is under no obligation to issue such agreements to reimburse commercial banks and before doing so would wish to consider all the circumstances of the case. These two forms of agreement are identical in operation, but in one case the Fund's agreement to reimburse the commercial bank is irrevocable, and in the other case, it is qualified. It will depend primarily on the relations between the Borrower and its bankers in its own country and the commercial bank in the supplier's country which of the two cases the Borrower will find it necessary to use.

### **Procedure III – Application for Irrevocable Agreement to Reimburse**

Under the procedure of "irrevocable agreement to reimburse" the Borrower will submit a formal application requesting the Fund to issue to the commercial bank in the supplier's country its irrevocable agreement to reimburse the commercial bank for payments made under a letter of credit. If the Fund in the exercise of its discretion agrees to issue its agreement to reimburse the commercial bank it will notify the commercial bank and the Borrower of such agreement. An additional commitment charge is payable by the Borrower on all such special commitments entered into by the Fund. This additional commitment charge is payable on the principle amount of such special commitment outstanding from time to time. Special commitments entered into by the Fund, being irrevocable, are not affected by any subsequent suspension or cancellation of the Fund's loan. It will be readily understood, therefore, that the Fund would be unwilling to enter into such commitments without first being satisfied that they were really necessary and that it would be prudent to do so.

A Borrower finding it necessary to use the above procedure should submit a formal application to the Fund supported by the following documents:

- i) a copy of the contract or purchase order in respect of which the payment is to be made,
- ii) two copies of the letter of credit which the commercial bank proposes to issue.

The Fund, if it approves the application, sends one copy of the proposed credit to the commercial bank, together with an original and duplicate "Agreement to Reimburse" for the commercial bank's acceptance. One copy of this "Agreement to Reimburse" is sent to the Borrower.

Promptly after each payment under the letter of credit the commercial bank notifies the Fund by sending the "Bank's Report of Payment and Request for Reimbursement" together with a copy of the supplier's invoice. A copy of the "Bank's Report of Payment and Request for Reimbursement" is sent by the commercial bank to the Borrower. If the commercial bank's Report of Payment does not indicate that payment was made against documents evidencing shipment, the Borrower should furnish the Fund as soon as possible with such evidence in the form of:

- i) a copy of the bill of lading (not necessarily a signed copy) or
- ii) a statement of the supplier that the goods have been shipped. This statement should give details of the shipment or
- iii) forwarder's certificate.

In order to reduce the time between the date of payment by the commercial bank to the beneficiary of the letter of credit and the date of reimbursement of the commercial bank by the Fund, it may be desirable for the commercial bank to employ a cabled request for reimbursement. The Fund will accept a tested cable request submitted in the form provided by it if the commercial bank has previously agreed in writing, first, that a tested cable in the prescribed form constitutes a request for reimbursement of a payment made under the letter of credit mentioned in the cable and, second, payment has been made in accordance with the terms of the letter of credit.

The Fund makes payment to the commercial bank, at the same time notifying the Borrower of the disbursement made, giving details of the amount, currency and value date.

If an amendment of the letter of credit is requested, a) the commercial bank sends to the Borrower two copies of the proposed amendment with a request for the approval thereof by the Fund; b) the Borrower sends such request to the Fund with two copies of the proposed amendment and a "Borrower's Application for Approval of Amendment of Letter of Credit"; c) the Fund returns one copy of the proposed amendment to the commercial bank with its "Approval of Amendment of Letter of Credit" sending a copy of the approval to the Borrower.

#### **Procedure IV – Qualified Agreement to Reimburse**

Under the procedure of "qualified agreement to reimburse" the Borrower may request the Fund to issue to a commercial bank in the supplier's country its agreement to reimburse the commercial bank for payments made under a letter of credit. This guarantee to reimburse the commercial bank for payments made under a letter of credit is a qualified guarantee and in the event of the loan being either suspended or cancelled, the obligation of the Fund to the commercial bank would cease. The Fund may, however, in its discretion, reimburse the bank for any amounts expended by it after any such suspension or cancellation, and the amount so reimbursed would be deemed to be a withdrawal by the Borrower from the loan. No additional commitment charge is payable by a Borrower on amounts guaranteed by the Fund under this procedure.



PART TWO

**Detailed Procedures and  
Instructions**

THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

## **Instructions for the Preparation of an Application for Reimbursement**

### **A. Authorized Signature**

Before withdrawals from the Loan Account can commence, the Fund must receive from the Borrower evidence of the authority of the person or persons who will sign withdrawal applications, together with authenticated specimen signature or signatures.

### **B. Reimbursement**

#### **Application**

1. The formal application (sample attached hereto) shall be submitted in the English language in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
2. A separate application should be submitted for each currency for which payment is requested.
3. Each item for which payment is requested should be related to the appropriate category in the Schedule of Withdrawal of the Proceeds of the Loan.
4. Applications should be submitted by the Borrower promptly after payment for the goods or services has been made.
5. Payment instructions on the application should show the complete name and address of the payee and should include, when necessary for proper credit, identifying references such as invoice, purchase order or contract numbers.

#### **Summary Sheet**

1. One or more summary sheets on which individual items are to be listed on Form 1 A, 1 B and 1 C (samples attached hereto) shall be submitted in duplicate to the Fund and all copies shall be signed by the authorized representative (or representatives) of the Borrower.

Form 1 A – Submitted when the Borrower has made payment to a contractor or supplier and requests reimbursement for the full amount expended.

Form 1 B – Submitted only in cases where under the terms of the Loan Agreement the Borrower will receive a percentage of the amount expended.

Form 1 C – Submitted only in cases where it has been agreed between the Fund and Borrower that due to the nature of the work done, normal documentation is impractical.

### **C. Documentation**

1. One copy of any of the documents outlined in the Guidelines for Withdrawal of Proceeds of Fund Loans should be submitted to the Fund.
2. If shipment has not been made at the time the application is submitted or if the application relates to a down or progress payment on a contract, evidence of shipment should be furnished to the Fund as soon as possible after shipment, under cover of Form D (attached). This evidence of shipment should be accompanied by a copy of the supplier's final invoice in cases where the application relates to a down or progress payment.
3. If the withdrawal is to reimburse the Borrower for a down or progress payment, a copy of the contract or purchase order will be submitted to the Fund. It is, of course, only necessary to submit this document once. If payment has been made on a contract on the basis of work performed, in addition to a copy of the contract, the Borrower should furnish an engineer's certificate or progress report showing that the payment was due.
4. Claims for payment of freight, insurance and other importing expenses should be presented in a manner which will enable the Fund to relate each item to the specific goods being financed.
5. Commercial Bank's Report of Payment, Form 1-1 (a copy attached hereto) may be used when payment has been made under a commercial letter of credit.

### **D. Numbering System**

1. Applications for the withdrawals of funds from the Loan Account should be numbered consecutively, commencing with the number one.
2. Summary sheets in an application should be numbered consecutively; the first sheet in each application should be number one.
3. The items listed on each summary sheet should be numbered consecutively; the first item on each summary sheet should be number one.
4. The voucher numbering system in use for this Loan is based on these three factors. Each voucher number has three components:

Application	Summary Sheet	Item Number
1	1	1
3	10	5

These are written 1-1-1; 3-10-5, etc.

To: OPEC Fund for  
International Development

Date .....  
Fund Loan No. ....  
Application Serial No. ....

Attention: Loan Administration Division

## Application for Reimbursement

Pursuant to the Loan Agreement dated ..... between Fund and the undersigned ..... the undersigned hereby certifies and agrees as follows:

1. The undersigned hereby applies for withdrawal from the Loan Account opened under said Loan Agreement of the sum of .....
2. Said amount is required to reimburse the undersigned for expenditures made in said currency as described in the attached summary sheet(s) which forms an integral part of this application;
3. The undersigned has not heretofore withdrawn from said Loan Account or applied for the withdrawal from said Loan Account of any amounts for the purpose of reimbursing the undersigned for or meeting such expenditures, and the undersigned has not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to the undersigned, other than such short-term loans or credits (if any) established in anticipation of the withdrawal applied for herein and to be repaid **pro tanto** with the funds withdrawn hereunder, as are described in the attached summary sheet(s);
4. Such expenditures were made for the purposes specified in said Loan Agreement; the goods and services so purchased are appropriate for such purposes; and the cost and terms of purchase thereof are reasonable;
5. At the date of this application there is no existing default under the said Loan Agreement.

Please make payment as follows:

- Check to the order of:  
(Name of Payee) .....  
(Address) .....
- Deposit (Name of Depository Bank) .....  
(Address) .....  
For Account of (Name) .....  
(Address) .....

This application consists of these pages and ..... signed and numbered summary sheets.

.....  
(Name of Borrower)

By: .....  
(Authorized Representative)



Procedure 1  
Form 1A

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....

Fund Loan No. ....

Application Serial No. ....

Summary Sheet No. ....

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Item No.	Delivery Date of Goods	Sub-category or Other Reference to Detailed List	Goods or Service Description	Date and Contract No. or P.O. No.	Name and Address of Supplier	Date of Payment	Amount Requested	Nature of Payment Made	Remarks

By: .....  
 (Authorized Representative)

Procedure 1  
Form 1B

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....  
 Fund Loan No. ....  
 Application Serial No. ....  
 Summary Sheet No. ....

1.	2.	3.	4.	5.	6.	7.	8.	9.
Item No.	Description of Expenditures	Period Relating to Works	Date and Contract No. or P. O. No.	Name and Address of Contractor	Date of Payment	100% of Amounts paid to the Contractors	..... % of Col. 7 (Amount requested)	Remarks

By: .....  
 (Authorized Representative)

Procedure 1  
Form 1C

**STATEMENT OF EXPENDITURES** from ..... to .....

Reporting Period from ..... to .....

Expressed in .....  
(Name of currency)

Date .....

Fund Loan No. ....

Application Serial No. ....

1.	2.	3.	4.	5.	6.	7.	8.
Category of the Schedule of Withdrawal of Proceeds	Expenditures from ..... to beginning of Reporting Period	Expenditures during Reporting Period	Expenditures to End of Reporting Period (Columns 2 & 3)	Amount eligible for Withdrawal ..... % of Column No. 4	Amount Previously Withdrawn	Amount Requested under this Application	Remarks

By: .....  
.....  
(Authorized Representative)

Date .....  
Fund Loan No. ....

To: OPEC Fund for  
International Development

Attention: Loan Administration Division

Gentlemen:

We attach hereto missing documents as referred to in the following Application(s):

Borrower's Application No.	Description and Identifying Nos. of Enclosed Documents	Date of Payment	Amount of Payment
-------------------------------	--	--------------------	----------------------

Yours very truly,

.....  
.....

(Borrower's Representative)

## Bank's Report of Payment

.....  
(Name of Commercial Bank)

Date of Payment .....  
License No. ....  
Fund Loan No. ....

To: .....  
(Name of Borrower or Borrower's Representative)

.....  
(Address)

We report having paid the sum of .....  
to .....  
(Name of supplier)

.....  
(Address of supplier)

under L/C No. .... established by  
.....  
(Name and address of correspondent bank)

for account of .....  
(Name and address of buyer)

our payment commission amounts to US\$ .....

Payment was effected against delivery of the documents as specified in and in accordance with  
the terms and conditions of the Letter of Credit mentioned above evidencing shipment of  
.....  
(General description of the merchandise including the quantity, etc.)

Per S. S. .... or R. R. ....  
from ..... to .....  
(Point of shipment) (Destination)

or storage or manufacture of the goods described at .....

The documents have been disposed of as follows:

Ocean documents have been forwarded to our above mentioned correspondent bank.

The Railroad bill of lading, warehouse receipt or certificate of manufacture have been  
.....

Copy of the supplier's invoice is attached.

Yours very truly

.....  
(Authorized Signature)

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

**Instructions for the Preparation of an  
Application to Withdraw Funds for Payments to be Made  
for Goods or Services**

**A. Authorized Signature**

Before withdrawals from the Loan Account can commence, the Fund must receive from the Borrower evidence of the authority of the person or persons who will sign withdrawal applications together with authenticated specimen signature or signatures.

**B. Application to Enable Payment to be Made**

**Application**

1. The formal application (sample attached hereto) shall be submitted in the English language in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
2. A separate application should be submitted for each currency for which payment is requested.
3. Each item for which payment is requested should be related to the appropriate category in the Schedule of Withdrawal of the Proceeds of the Loan.
4. Payment instructions on the application should show the complete name and address of the payee and should include, when necessary for proper credit, identifying references such as invoice, purchase order or contract numbers.

**Summary Sheet**

1. One or more summary sheets—either Form 1A or Form 1B as appropriate (sample attached hereto)—on which individual terms are to be listed shall be submitted in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
2. Only items relating to the same category in the Schedule of Withdrawal of Proceeds of the Loan are to be listed on one summary sheet.
3. Not more than ten items should be listed on one summary sheet.
4. The total of all items listed on each summary sheet should be shown.
5. Where, in connection with the same category, there is more than one item from the same supplier to be listed, all such items should be grouped and listed consecutively.

**C. Documentation**

1. One copy of any of the documents outlined in the Guidelines for Withdrawal of Proceeds of the Fund loans should be submitted to the Fund.
2. If shipment has not been made at the time the application is submitted or if the application relates to a down or progress payment on a contract, evidence of shipment should be furnished to the Fund as soon as possible after shipment, under cover of

Form D (sample attached hereto). This evidence of shipment should be accompanied by a copy of the supplier's final invoice in cases where the application relates to a down or progress payment.

3. Claims for payment of freight, insurance and other importing expenses should be presented in a manner which will enable the Fund to relate each item to the specific goods being financed.

#### **D. Numbering System**

1. Applications for the withdrawals of funds from the Loan Account should be numbered consecutively, commencing with the number one.
2. Summary sheets in an application should be numbered consecutively; the first sheet in each application should be number one.
3. The items listed on each summary sheet should be numbered consecutively; the first item on each summary sheet should be number one.
4. The voucher numbering system in use in this Loan is based on these three factors. Each voucher number has three components:

Application	Summary Sheet	Item Number
1	1	1
3	10	5

These are written 1-1-1; 3-10-5, etc.

To: OPEC Fund for  
International Development

Date .....  
Fund Loan No. ....  
Application Serial No. ....

Attention: Loan Administration Division

## Application for Payment to be Made

Pursuant to the Loan Agreement dated .....  
between the Fund and the undersigned .....  
....., the undersigned hereby certifies and agrees as follows:

1. The undersigned hereby applies for withdrawal from the Loan Account opened under said Loan Agreement of the sum of ..... ;
2. Said amount is required to enable the undersigned to meet expenditures to be made in said currency as described in the attached summary sheet(s) which forms an integral part of this application ;
3. The undersigned has not heretofore withdrawn from said Loan Account or applied for the withdrawal from said Loan Account of any amounts for the purpose of reimbursing the undersigned for or meeting such expenditures, and the undersigned has not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credits or grant available to the undersigned, other than such short-term loans or credits (if any) established in anticipation of the withdrawal applied for herein and to be repaid **pro tanto** with the funds withdrawn hereunder, as are described in the attached summary sheet(s) ;
4. Such expenditures are to be made for the purposes specified in said Loan Agreement ; the goods and services so purchased are appropriate for such purposes ; and the cost and terms of purchase thereof are reasonable ;
5. At the date of this application there is no existing default under the said Loan Agreement ;
6. The undersigned will apply or cause to be applied the amount to be withdrawn from said Loan Account under this application only to the payment when and as due of the cost of such goods and services and, as promptly as possible thereafter, the undersigned will furnish the Fund, satisfactory proof that such amount has been so applied ;
7. Said amount will be applied to the payment of the cost of such goods and services under the arrangements set forth in the attached summary sheet(s).

Please make payment as follows:

- Check to the order of: .....  
(Name of Payee) .....  
(Address) .....





Procedure II  
Form 1A

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....

Fund Loan No. ....

Application No. ....

Summary Sheet No. ....

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Item No.	Estimated Delivery Date of Goods	Sub-category or Other Reference to Detailed List (if any)	Goods or Service Description	Date and Contract No. or P. O. No.	Name and Address of Supplier	Date of Payment Due	Amount Requested	Nature of Payment to be Made	Remarks

By: .....  
 (Authorized Representative)

**Procedure II  
Form 1B**

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....  
Fund Loan No. ....  
Application Serial No. ....  
Summary Sheet No. ....

1.	2.	3.	4.	5.	6.	7.	8.	9.
Item No.	Description of Expenditures	Period Relating to Works	Date and Contract No. or P. O. No.	Name and Address of Contractors	Date of Payment	100% of Amounts paid to the Contractors	% of Col 7. (Amount Requested)	Remarks

By: .....  
.....  
(Authorized Representative)

Form D

Date .....  
Fund Loan No. ....

To: OPEC Fund for  
International Development

Attention: Loan Administration Division

Gentlemen:

We attach hereto missing documents as referred to in the following Application(s):

Borrower's Application No.	Description and Identifying Nos. of Enclosed Documents	Date of Payment	Amount of Payment
-------------------------------	--	--------------------	----------------------

Yours very truly,

.....  
.....  
(Borrower's Representative)

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

**Instructions for the Preparation of an Application  
Requesting the Irrevocable Agreement of the Fund  
to Reimburse Commercial Banks for Payments Made  
Under Letters of Credit**

**A. Authorized Signature**

Before withdrawals from the Loan Account can commence, the Fund must receive from the Borrower evidence of the authority of the person or persons who will sign withdrawal applications, together with authenticated specimen signature or signatures.

**B. Irrevocable Agreement to Reimburse**

1. The formal application (sample attached hereto) shall be submitted on Form G.1 in the English language in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
2. One or more summary sheets, Form G.1A (sample attached hereto) on which individual items are to be listed shall be submitted in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
3. After approval by the Fund, Form G.2 "Irrevocable Agreement to Reimburse" (sample attached hereto) together with a copy of the proposed letter of credit is sent to the commercial bank in the supplier's country for their acceptance and a copy is also sent to the Borrower.
4. "Irrevocable Agreements to Reimburse" will contain the following clause:  

"Provided, however, that we shall not be obligated to make reimbursement to you in (Foreign Currency) in an aggregate amount which shall exceed the equivalent of US\$ ..... as determined by the Fund when reimbursements are made by it. We are required to make this dollar limitation because the Fund loan is denominated in US\$."

The reason for inserting this clause is that since the loan is denominated in dollars, we cannot disburse in any currency or currencies amounts aggregating more than the dollar equivalent of the loan and consequently, when issuing our Agreement to Reimburse to a commercial bank, we must limit the Fund's liability by inserting a dollar limitation clause. In computing the dollar limitation, the Fund uses the current rate for the currency concerned with a margin to cover normal currency fluctuations.

**C. Documentation**

1. Two copies of the letter of credit which the commercial bank proposes to issue, advise or confirm.
2. A copy of the contract or purchase order in respect of which the payment is to be made.

## **D. Reimbursement to Commercial Bank**

Upon receipt by the Fund, of Form G.3 "Bank's Report of Payment and Request for Reimbursement" (sample attached), or cable advice where the commercial bank has agreed in writing that a tested cable in the prescribed form will constitute a request for reimbursement of a payment under a letter of credit in accordance with its terms, the Fund will effect payment to the commercial bank in the supplier's country, at the same time notifying the Borrower of the disbursement.

## **E. Application for Amendment**

1. For all amendments to the letter of credit, approval by the Fund is required as detailed below.
2. The commercial bank will send to the Borrower two copies of the proposed amendment with a request for approval thereof by the Fund. The Borrower will submit such request to the Fund on Form G.4 together with the two copies of the proposed amendment.
3. After approval by the Fund, Form G.5 "Approval of Amendment of Letter of Credit" (sample attached hereto) is sent to the commercial bank together with one copy of the proposed amendment and a copy is sent to the Borrower.

## **F. Numbering System**

1. Each application requesting the irrevocable agreement of the Fund to reimburse commercial banks for payments made under letters of credit is treated as an application for withdrawal under the loan. All applications for withdrawal under the loan should be numbered consecutively commencing with the number one.
2. Summary sheets in application should be numbered consecutively; the first sheet in each application should be number one.
3. The items listed on each summary sheet should be numbered consecutively; the first item on each summary sheet should be number one.
4. The voucher numbering system in use for this loan is based on these three factors. Each voucher number has three components:

Application	Summary Sheet	Item Number
1	1	1
3	10	5

These are written 1-1-1; 3-10-5, etc.

Form G.1

To: OPEC Fund for  
International Development

Date .....  
Fund Loan No. ....  
Application Serial No. ....

Attention: Loan Administration Division

**Borrower's Application for Agreement(s)  
to Reimburse and for Withdrawals Pursuant Thereto**

Pursuant to the Loan Agreement dated ..... between the Fund and ..... (hereinafter called the Borrower), the Borrower hereby certifies and agrees as follows:

1. In accordance with the request(s), by ..... Commercial Bank (hereinafter called the Commercial Bank) annexed to the attached summary sheet(s), the Borrower requests the Fund to issue an irrevocable agreement to reimburse the Commercial Bank whereby the Fund shall agree, on such terms and conditions as it shall deem appropriate, to reimburse the Commercial Bank for payments which shall be made by the Commercial Bank under each letter of credit specified in such summary sheet(s) as the same shall be amended from time to time with the written approval of the Fund;
2. The Borrower hereby irrevocably authorizes and requests the Fund to pay to the Commercial Bank from time to time, as withdrawals from the Loan Account, such amounts as shall be requested by the Commercial Bank to reimburse it for payments which shall be made by it under said letter(s) of credit as the same shall be amended from time to time. The Fund may conclusively rely on any written statement by the Commercial Bank that any payment has been made by it under and in accordance with the terms of a designated letter of credit and amendments, if any, thereto;
3. Said amounts are required to enable the Borrower to meet expenditures to be made or to be provided in ..... (insert currency), as set forth in such summary sheet(s) which forms an integral part of this application;
4. The Borrower has not heretofore withdrawn from the Loan Account or applied for the withdrawal from the Loan Account of any amounts for the purpose of reimbursing the Borrower for or meeting such expenditures and has not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to it;
5. Such payments will be made for the purposes specified in said Loan Agreement, the goods purchased or to be purchased by means of such payments are appropriate for such purposes; and the cost and terms of purchase thereof are reasonable;
6. At the date of this application there is no existing default in the performance of any of the obligations of the Borrower under said Loan Agreement;
7. The Borrower hereby agrees that if, because of the dollar limitation, the Fund cannot disburse the full amount of the foreign currency needed to reimburse the commercial bank for payments made under a letter of credit, the Fund is hereby authorized to disburse any uncommitted portion of the Loan to cover the deficiency;

8. For the purposes of Sections        and        of said Loan Agreement, the obligation of the Fund under such Agreement(s) to Reimburse shall not be deemed to terminate:

- (a) With respect to any amount of any such letter of credit which shall be cancelled, until the date of receipt by the Fund of written notice from the Commercial Bank specifying the amount of such cancellation; or
- (b) with respect to any unused balance under any such letter of credit upon final payment hereunder or upon the expiration thereof, until the date of receipt by the Fund of written notice from the Commercial Bank specifying the amount of such unused balance.

This application consists of these pages and ..... signed and numbered summary sheet(s).

.....  
(Borrower)

By: .....  
(Authorized Signature)



Procedure III  
Form G.1A

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....  
Fund Loan No. ....  
Request Serial No. ....  
Summary Sheet No. ....

Name of Bank .....

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Item No.	Name of Purchaser	Category Symbol	Brief Description of Goods	Bank in Borrower's Country		LETTERS OF CREDIT				Remarks
				Name	Credit No.	Beneficiary (Supplier)	Number	Expiration Date	Amount (State Currency)	

By: .....  
.....  
(Authorized Representative)

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

**Agreement to Reimburse**

No.

Date

Your Letter of Credit No.

Your Correspondent's Credit No.

Application No.

Fund Loan No.

Gentlemen:

We transmit herewith a copy of a letter of credit which we understand you are prepared to (issue, advise or confirm) for account of in favor of in the amount of relating to expiring on

At the request of and in consideration of your acceptance hereof as provided below, the Fund hereby agrees to reimburse you or your correspondent bank located in for payment in which shall be made by you to or on the order of said beneficiary under and in accordance with the terms of said letter of credit as set forth in the enclosed copy thereof as the same shall be amended from time to time with our written approval. Provided, however, that the Fund shall not be obligated to make reimbursements to you in an aggregate amount which shall exceed the equivalent of US\$ determined by the Fund when reimbursements are made pursuant to this Agreement. We are required to make this dollar limitation because the Fund loan is denominated in U.S. dollars. Reimbursement shall be made by the Fund promptly but not later than 45 days after receipt by us of a written request therefor as hereinafter provided.

This agreement is subject to the following terms and conditions:

1. That you will issue, advise or confirm said letter of credit as the case may be;
2. That the Fund shall not be obligated to reimburse you for any such payment unless written request therefor, sufficiently identifying the item on said letter of credit to which payment relates and accompanied by a copy of the supplier's invoice, shall have been mailed to us promptly after such payment is made;
3. That the Fund shall not be obligated to you in respect of interest, commissions, expenses or other charges on or in connection with the said letter of credit;
4. That you agree that upon cancellation in whole or in part of said letter of credit you will advise us promptly thereof and of the amount of such cancellation; and that upon expiration of, or final payment under said letter of credit you will advise us promptly thereof and of the amount of the unused balance thereunder, if any;

Please confirm your acceptance of this agreement on the foregoing terms and conditions by signing the Form of Acceptance on the enclosed copy of this letter and returning it to us.

Very truly yours,

OPEC Fund for  
International Development

By: .....  
Authorized Signature

### Form of Acceptance

We confirm our acceptance of the foregoing agreement on the terms and conditions above stated. The letter of credit above referred to bears our number .....

.....  
Commercial Bank

By: .....  
Authorized Signature

.....  
Date

## Bank's Report of Payment and Request for Reimbursement

To: OPEC Fund for  
International Development

Date .....  
Our Letter of Credit No. ....  
Fund Loan No. ....

Attention: Loan Administration Division

We have paid ..... on ..... to or on the  
order of .....  
(Name and Address of Beneficiary)

..... under the above specified letter of credit.

Such payment was made against delivery of documents specified in said letter of credit evidencing:

- shipment of the merchandise specified below per R. R. ....  
from ..... to ..... ; or
- shipment of said merchandise per S. S. ....  
from ..... to ..... B/L No. ....  
dated ..... ; or
- storage of said merchandise at ..... ; or
- .....

Brief Description of Merchandise .....

Said documents have been disposed of as follows:  
.....  
.....

Copy of the supplier's invoice is attached.

Such payment was made in accordance with the terms of said letter of credit as set forth in the copy thereof enclosed with your Irrevocable Agreement to Reimburse No. .... and amendments thereof, if any, approved in writing by you. We request reimbursement of the above amount pursuant to said Irrevocable Agreement to Reimburse.

Yours very truly,

.....  
(Commercial Bank)

By: .....  
(Authorized signature)

## Borrower's Application for Approval of Amendment of Letter of Credit

To: OPEC Fund for  
International Development

Date .....  
Letter of Credit No. ....  
Application Serial No. ....  
Fund Loan No. ....

Attention: Disbursement and Loan  
Administration Division

There is forwarded herewith a request dated .....  
by ..... for your written approval of a  
(Commercial Bank)  
proposed amendment dated ..... of the above letter of credit, together  
with two copies of the proposed amendment.

The undersigned hereby requests that you confirm directly to the said Commercial Bank your  
approval of such proposed amendment.

.....  
(Borrower)

By: .....  
(Authorized Representative)

Procedure III  
Form G.5

### OPEC FUND FOR INTERNATIONAL DEVELOPMENT

Date:  
Your Letter of Credit No.:  
Application Serial No.:  
Fund loan No.:

Gentlemen:

### Approval of Amendment of Letter of Credit

We hereby confirm our approval, for the purposes of our Irrevocable Agreement to Reimburse  
No. ...., of proposed amendment of the above letter of credit, in accordance with the  
copy of said amendment annexed hereto.

OPEC Fund for  
International Development

.....  
(Authorized Signature)

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

**Instructions for the Preparation of an Application  
Requesting the Qualified Agreement of the Fund  
Reimburse Commercial Banks for Payments Made Under  
Letters of Credit**

**A. Authorized Signature**

Before withdrawals from the Loan Account can commence, the Fund must receive from the Borrower evidence of the authority of the person or persons who will sign withdrawal applications, together with authenticated specimen signature or signatures.

**B. Qualified Agreement to Reimburse**

**Application for Agreement**

1. The formal application (sample attached hereto) shall be submitted on Form H. 1 in the English language in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
2. One or more summary sheets, from H. 1A (sample attached hereto) on which individual items are to be listed shall be submitted in duplicate to the Fund after all copies have been signed by the authorized representative (or representatives) of the Borrower.
3. After approval by the Fund, Form H. 2 "Qualified Agreement to Reimburse" (sample attached hereto) together with a copy of the proposed letter of credit is sent to the commercial bank in the supplier's country for their acceptance and a copy is also sent to the Borrower.
4. "Qualified Agreements to Reimburse" will contain the following clause:  
"Provided, however that we shall not be obligated to make reimbursement to you in (Foreign Currency) in an aggregate amount which shall exceed the equivalent of US\$ ..... as determined by the Fund when reimbursements are made by it. We are required to make this dollar limitation because the Fund loan is denominated in US dollars."

The reason for inserting this clause is that since the loan is denominated in dollars, we cannot disburse in any currency or currencies amounts aggregating more than the dollar equivalent of the loan and consequently, when issuing our Agreement to Reimburse to a commercial bank, we must limit the Fund's liability by inserting a dollar limitation clause. In computing the dollar limitation, the Fund uses the current rate for the currency concerned with a margin to cover normal currency fluctuation.

**C. Documentation**

1. Two copies of the letter of credit which the commercial bank proposes to issue, advise or confirm.
2. A copy of the contract or purchase order in respect of which the payment is to be made.

## **D. Reimbursement to Commercial Bank**

Upon receipt by the Fund, Form H.3 "Bank's Report of Payment and Request for Reimbursement" (sample attached hereto) or cable advice where the commercial bank has agreed in writing that a tested cable in the prescribed form will constitute a request for reimbursement of a payment under a letter of credit in accordance with its terms, the Fund will effect payment to the commercial bank in the supplier's country, at the same time notifying the Borrower of the disbursement.

## **E. Application for Amendment**

1. The expiry date and shipping date(s) may be extended up to the closing date of the Fund Loan without written approval. However, a copy of the amendment (and Form H.4 "Borrower's Application for Approval of Amendment of Letter of Credit"—sample attached hereto) must be submitted to the Fund for information. For all other amendments to the letter of credit approval by the Fund is required as detailed below.
2. The commercial bank will send to the Borrower two copies of the proposed amendment with a request for approval thereof by the Fund. The Borrower will submit such request to the Fund on Form H.4 together with two copies of the proposed amendment.
3. After approval by the Fund, Form H.5 "Approval of Amendment of Letter of Credit" (sample attached hereto) is sent to the commercial bank together with one copy of the proposed amendment and a copy is sent to the Borrower.

## **F. Numbering System**

1. Each application requesting the qualified agreement of the Fund to reimburse commercial banks for payments made under letters of credit is treated as an application for withdrawal under the loan. All applications for withdrawal under the loan should be numbered consecutively commencing with the number one.
2. Summary sheets in application should be numbered consecutively; the first sheet in each application should be number one.
3. The items listed on each summary sheet should be numbered consecutively; the first item on each summary sheet should be number one.
4. The voucher numbering system in use for this loan is based on these three factors. Each voucher number has three components:

Application	Summary Sheet	Item Number
1	1	1
3	10	5

These are written 1-1-1; 3-10-5, etc.

To: OPEC Fund for  
International Development

Date .....  
Fund Loan No. ....  
Application Serial No. ....

Attention: Loan Administration Division

## **Borrower's Application for Qualified Agreement(s) to Reimburse and for Withdrawals Pursuant Thereto**

Pursuant to the Loan Agreement dated ..... between the Fund and ..... (hereinafter called the Borrower) the Borrower hereby certifies and agrees as follows:

1. In accordance with the request(s) by ..... Commercial Bank (hereinafter called the Commercial Bank) annexed to the attached summary sheet(s), the Borrower requests the Fund to issue a qualified agreement to reimburse the Commercial Bank whereby the Fund shall agree, on such terms and conditions as it shall deem appropriate, to reimburse the Commercial Bank for payments which shall be made by the Commercial Bank under each letter of credit specified in such summary sheet(s) as the same shall be amended from time to time with the written approval of the Fund;
2. The Borrower hereby irrevocably authorizes and requests the Fund to pay to the Commercial Bank from time to time, as withdrawals from the Loan Account, such amounts as shall be requested by the Commercial Bank to reimburse it for payments which shall be made by it under said letter(s) of credit as the same shall be amended from time to time. The Fund may conclusively rely on any written statement by the Commercial Bank that any payment has been made by it under and in accordance with the terms of a designated letter of credit and amendments, if any, thereto;
3. Said amounts are required to enable the Borrower to meet expenditures to be made or to be provided in ..... (insert currency), as set forth in such summary sheet(s) which forms an integral part of this application;
4. The Borrower has not heretofore withdrawn from the Loan Account or applied for the withdrawal from the Loan Account of any amounts for the purpose of reimbursing the Borrower for or meeting such expenditures and has not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to it;
5. Such payments will be made for the purposes specified in said Loan Agreement; the goods purchased or to be purchased by means of such payments are appropriate for such purposes; and the cost and terms of purchase thereof are reasonable;
6. At the date of this application there is no existing default in the performance of any of the obligations of the Borrower under said Loan Agreement;
7. The Borrower hereby agrees that if, because of the dollar limitation, the Fund cannot disburse the full amount of the foreign currency needed to reimburse the commercial bank for payments made under a letter of credit, the Fund is hereby authorized to disburse any uncommitted portion of the Loan to cover the deficiency;



8. No cancellation pursuant to Section      of the Fund Loan Agreement applicable to this Loan shall be effective with respect to any part of the Loan as to which the Fund shall have issued a qualified agreement to reimburse pursuant to this application ;

9. The Fund shall not be obligated to reimburse the Commercial Bank for payments under such letter(s) of credit made by it subsequent to the date of any suspension of the Borrower's right to make withdrawals from the Loan Account under Section      of the said Loan Agreement or subsequent to the date of any cancellation pursuant to Section      of said Loan Agreement ; provided, however, that the Fund may, in its discretion, reimburse the Commercial Bank for any amounts expended by it after any such suspension or cancellation, and the amount so reimbursed shall be deemed a withdrawal by the Borrower from the Loan Account.

This application consists of these pages and ..... signed and numbered summary sheet(s).

.....  
By: .....  
(Authorized Representative)

Procedure IV  
Form H.1A

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

Category Number .....

Date .....  
Fund Loan No. ....  
Request Serial No. ....  
Summary Sheet No. ....

Name of Bank .....

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Item No.	Name of Purchaser	Category Symbol	Brief Description of Goods	Bank in Borrower's Country		LETTERS OF CREDIT				Remarks
				Name	Credit No.	Beneficiary (Supplier)	Number	Expiration Date	Amount (State Currency)	

By: .....  
.....  
(Authorized Representative)

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

**Qualified Agreement to Reimburse** No.:

Date:  
Your Letter of Credit No.:  
Your Correspondent's Credit No.:  
Application No.:  
Fund Loan No.:

Gentlemen:

We transmit herewith a copy of a letter of credit which we understand you are prepared to (issue, advise, or confirm) for the account of in favor of in the amount of relating to expiring on

At the request of and in consideration of your acceptance hereof as provided below, the Fund hereby agrees to reimburse you or your correspondent bank located in for payment in which shall be made by you to or on the order of said beneficiary under and in accordance with the terms of said letter of credit as set forth in the enclosed copy thereof as the same shall be amended from time to time with our written approval. Except that amendments covering the expiry date and shipping date(s) may be extended up to without our written approval. Provided, however, that the Fund shall not be obligated to make reimbursements to you in in an aggregate amount which shall exceed the equivalent of US\$ as determined by the Fund when reimbursements are made pursuant to this Agreement. We are required to make this dollar limitation because the Fund Loan is denominated in U.S. dollars. Reimbursement shall be made by the Fund promptly but not later than 45 days after receipt by us of written request therefor as hereinafter provided.

This agreement is subject to the following terms and conditions:

1. That you will issue, advise or conform said letter of credit as the case may be;
2. That the Fund shall not be obligated to reimburse you for any such payment unless written request therefor, sufficiently identifying the item on said letter of credit to which payment relates and accompanied by a copy of the supplier's invoice shall have been mailed to us promptly after such payment has been made;
3. That the Fund shall not be obligated to you in respect of interest, commission, expenses or other charges on or in connection with said letter of credit;
4. That you agree that upon cancellation in whole or in part of said letter of credit you will advise us promptly thereof and of the amount of such cancellation; and that upon expiration of, or final payment under said letter of credit you will advise us promptly thereof and of the amount of the unused balance thereunder, if any;

5. That, in the event the right to make withdrawals under the Loan Agreement between the said Borrower and the Fund dated \_\_\_\_\_ should be suspended pursuant to Section \_\_\_\_\_ of the said Loan Agreement, or the amount of said Loan allocated to the items covered by this qualified agreement to reimburse should be cancelled pursuant to Section \_\_\_\_\_ of said Loan Agreement, the Fund shall not be obligated to reimburse you for any payments by you subsequent to the date of such suspension or cancellation, anything in any other article or part of said Loan Agreement to the contrary notwithstanding.

Please confirm your acceptance of this agreement on the foregoing terms and conditions by signing the Form of Acceptance on the enclosed copy of this letter and returning it to us.

Very truly yours,

OPEC Fund for  
International Development

By: .....  
Authorized Signature

### Form of Acceptance

We confirm our acceptance of the foregoing agreement on the terms and conditions above stated. The letter of credit above referred to bears our number .....

.....  
Commercial Bank

By: .....  
Authorized Signature

.....  
Date

## Bank's Report of Payment and Request for Reimbursement

To: OPEC Fund for  
International Development  
  
Attention: Loan Administration Division

Date .....  
Our Letter of Credit No. ....  
Fund Loan No. ....

We have paid ..... on ..... to or on the  
order of .....  
(Name and Address of Beneficiary)

..... under the above specified letter of credit.

Such payment was made against delivery of documents specified in said letter of credit evidencing:

- shipment of the merchandise specified below per R. R. ....  
from ..... to ..... ; or
- shipment of said merchandise per S. S. ....  
from ..... to ..... B/L No. ....  
dated ..... ; or
- storage of said merchandise at ..... ; or
- .....

Brief Description of Merchandise .....

Said documents have been disposed of as follows:  
.....  
.....

Copy of the supplier's invoice is attached.

Such payment was made in accordance with the terms of said letter of credit as set forth in the copy thereof enclosed with your Qualified Agreement to Reimburse No. .... and amendments thereof, if any, approved in writing by you. We request reimbursement of the above amount pursuant to said Qualified Agreement to Reimburse.

Yours very truly,

.....  
(Commercial Bank)

By: .....  
(Authorized Signature)

## Borrower's Application for Approval of Amendment of Letter of Credit

To: OPEC Fund  
for International Development

Date .....  
Letter of Credit No. ....  
Application Serial No. ....  
Fund Loan No. ....

Attention: Disbursement and Loan  
Administration Division

There is forwarded herewith a request dated .....  
by ..... for your written approval of a  
(Commercial Bank)  
proposed amendment dated ..... of the above letter of credit, together  
with two copies of the proposed amendment.

The undersigned hereby requests that you confirm directly to the said Commercial Bank your  
approval of such proposed amendment.

.....  
(Borrower)

By: .....  
(Authorized Representative)

Procedure IV  
Form H.5

### OPEC FUND FOR INTERNATIONAL DEVELOPMENT

Date:  
Your Letter of Credit No.:  
Application Serial No.:  
Fund Loan No.:

Gentlemen:

### Approval of Amendment of Letter of Credit

We hereby confirm our approval, for the purposes of our Qualified Agreement to Reimburse  
No. ...., of proposed amendment of the above letter of credit, in accordance with the  
copy of said amendment annexed hereto.

Very truly yours,  
OPEC Fund for  
International Development

.....  
(Authorized Signature)