GRANT NUMBER H180-0-GUA

Development Grant Agreement

(Water Sector Consolidation Project)

between

REPUBLIC OF GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 28, 2005
DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated October 28, 2005, between the REPUBLIC OF GUYANA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out by Guyana Water Incorporated (GWI) with the Recipient’s assistance and, as part of such assistance, the Recipient will make the proceeds of the grant provided for in Article II of this Agreement (the Grant) available to GWI, as set forth in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association and GWI (the Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth in Schedule 4 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “ADT” means GWI’s asset development team which will be responsible for the implementation of the Project;
(b) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of the Project Agreement;

(c) “Management Contract” means the performance-based management contract entered into between GWI and Severn Trent Water International, dated November 20, 2002;

(d) “Non-Revenue Water” means the relation between system input volume and billed consumption as measured by the following formula agreed upon in the Management Contract: (Volume of Water Supplied - Volume of Water Billed)/Volume of Water Supplied * 100;

(e) “Operational Manual” means the manual referred to in Section 2.07 of the Project Agreement;

(f) “Procurement Plan” means the GWI’s procurement plan, dated May 18, 2005, covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 2.02 of the Project Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(g) “Project Agreement” means the agreement between the Association and GWI of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(h) “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 18, 2005 and on behalf of the Recipient on May 23, 2005;

(i) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement; and

(j) “Subsidiary Agreement” means the agreement to be entered into between the Recipient and GWI pursuant to Section 3.02 of this Agreement, as the same may be amended from time to time.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to GWI.
ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to seven million five hundred thousand Special Drawing Rights (SDR 7,500,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project and to be financed out of the proceeds of the Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in the Bank of Guyana (the Recipient’s Central Bank), on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be March 31, 2010 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as
of June 30 in each year shall be applied from the next date in that year specified in Section 2.04 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Recipient; and (iii) in Dollars or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.05. Commitment charges shall be payable semiannually on January 1 and July 1 in each year.

Section 2.06. The permanent secretary of the Recipient’s Ministry of Housing and Water, and any person whom he or she shall designate in writing, is designated as representative of the Recipient for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Development Grant Agreement, shall:

(a) cause GWI to carry out the Project, pursuant to the Project Agreement, the Subsidiary Agreement, and the Operational Manual, with due diligence and efficiency and in conformity with appropriate technical, engineering, administrative, financial and environmental practices;

(b) take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable GWI to carry out the Project in a timely manner; and

(c) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project by GWI.
Section 3.02. (a) The Recipient shall transfer the proceeds of the Grant to GWI, under a subsidiary agreement containing terms and conditions which shall have been approved by the Association.

(b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.

Section 3.03. The Recipient and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by GWI pursuant to Section 2.03 of the Project Agreement.

Section 3.04. By not later than one year before the expiration of the Management Contract, the Recipient shall furnish to the Association a plan which shall include the post-expiration implementation arrangements for GWI’s operation and management, and the measures to be taken by the Recipient and/or GWI to guarantee the sustainability of the investments done under the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations, resources and expenditures related to the Project.

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made, audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
(ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year (or such other period agreed to by the Association): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Association), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall:

(i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Grant Account was made;

(ii) enable the Association’s representatives to examine such records; and

(iii) ensure that such statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) GWI shall have failed to perform any of its obligations under the Project Agreement.
(b) The Recipient and/or GWI shall have failed to perform any of its obligations under the Subsidiary Agreement.

(c) As a result of events which have occurred after the date of the Development Grant Agreement, an extraordinary situation shall have arisen which shall make it improbable that GWI will be able to perform its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that any event specified in paragraphs (a) or (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Recipient.
ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as additional condition to the effectiveness of the Development Grant Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Subsidiary Agreement shall have been executed and delivered on behalf of the Recipient and GWI.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by GWI, and is legally binding upon GWI in accordance with its terms; and

(b) that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and GWI and is legally binding upon the Recipient and GWI in accordance with its terms.

Section 6.03. The date January 26, 2006 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. Except as provided in Section 2.10 of this Agreement, the Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:
For the Recipient:

The Ministry of Finance
Main and Urquhart Streets
Georgetown, Guyana

Cable address: MINFIN
Telex: 3038

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GUYANA

By/s/ Deborah Yaw  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By/s/ Caroline Anstey  
Acting Regional Vice President  
Latin America and the Caribbean
SCHEDULE 1

Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, except those on Category (6) below</td>
<td>800,000</td>
<td>90%</td>
</tr>
<tr>
<td>(2) Works, except those on Category (6) below</td>
<td>5,270,000</td>
<td>90%</td>
</tr>
<tr>
<td>(3) Consultants’ Services</td>
<td>470,000</td>
<td>85% of local expenditures for services of consultants domiciled within the territory of the Recipient, and 100% of foreign expenditures for services of other consultants</td>
</tr>
<tr>
<td>(4) Training</td>
<td>20,000</td>
<td>90%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>50,000</td>
<td>90%</td>
</tr>
<tr>
<td>(6) Works and Goods for Part D of the Project</td>
<td>530,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Refunding of Project Preparation Advance</td>
<td>360,000</td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
</tbody>
</table>

**TOTAL** 7,500,000
2. For the purposes of this Schedule the terms:

(a) "Training" means expenditures (other than those for consultants' services) based on an semi annual budget previously approved by the Bank, incurred by the Recipient to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees and rental of training facilities (including logistics arrangements of meetings/workshops/seminars for the provision of training) and training equipment under the Project; and

(b) “Operating Costs” means costs required for Project preparation including consumable materials and supplies, communications, mass media, and printing services, and vehicle rental, operation and maintenance, but excluding salaries of officials of the Recipient's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of Categories (1) and (2) of the table on paragraph 1 above, unless the Recipient has furnished to the Association an Operational Manual satisfactory to the Association.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure under such terms and conditions as the Association shall specify by notice to the Recipient, including for expenditures made under contracts not subject to the Association’s Prior Review pursuant to Section IV of Schedule 1 to the Project Agreement, all under such terms and conditions as the Association shall specify by notice to the Recipient.
SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) improve the provision of water services in the territory of the Recipient; and (ii) support the Recipient’s water sector modernization process.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part A: Water Supply Infrastructure

Carry out of construction and rehabilitation of water facilities of the Recipient’s: (i) Anna Regina area; (ii) Parika area; and (iii) Rosignol area, through, *inter alia*:

1. the upgrade of raw water source works to secure supplies from the groundwater aquifer;

2. the construction of water treatment facilities for the reduction of iron content in the water delivered into the Recipient’s water supply systems;

3. the upgrade of the water transmission system to enable continuous supply to customers in accordance with the targets set forth in the Management Contract;

4. the rehabilitation of the water distribution systems to achieve Non-Revenue Water levels in accordance with the targets set forth in the Management Contract; and

5. the purchase of spare parts for mechanical and electrical equipment.

Part B: Design, Project Management and Supervision

Strengthen ADT’s capacity to design, execute, supervise, and monitor the Project, through the provision of technical assistance and equipment.
Part C: **Institutional Strengthening**

Strengthen GWI’s capacity to improve its management, operational efficiency and financial viability, through the provision of technical assistance and training.

Part D: **Emergency Component**

Carry out the rehabilitation of the Recipient’s water treatment plants, pumping stations and distribution systems, including water and sewerage, which were damaged by the floods that affected the Recipient’s territory in January 2005.

***

The Project is expected to be completed by September 30, 2009.
SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1) through (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means an amount equivalent to $1,000,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to $500,000 until the aggregate amount of withdrawals from the Grant Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR1,500,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

   (a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

   (b) if the Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

   (c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

   (d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.
Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.
SCHEDULE 4

Modification to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04 (a), 3.04 (b), 6.05 and Article VII are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:
   (a) The term “Borrower” is modified to read “Recipient”.
   (b) The term “Credit” is modified to read “Grant”.
   (c) The term “Credit Account” is modified to read “Grant Account”.
   (d) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.

3. Section 1.01 is modified to read as follows:
   “Section 1.01. Application of General Conditions.
   These General Conditions set forth the terms and conditions generally applicable to the Development Grant Agreement to the extent and subject to any modifications set forth in such agreement.”

4. Paragraph 3 of Section 2.01 is modified to read as follows:
   “3. “Recipient” means the party to the Development Grant Agreement to which the Grant is made.”

5. Article III is modified as follows:
   (a) The heading of Article III is modified to read “Grant Account; Partial Payment”, and the heading of Section 3.04 is modified to read “Partial Payment”.
The words “The principal of, and service charges on, the Credit” in Section 3.05 are modified to read “All amounts required to be paid under the Development Grant Agreement”.

6. Article IV is modified as follows:

(a) Section 4.02 (a) is modified to read as follows:

“Section 4.02. Currencies in which Payments are to be made.

(a) The Recipient shall pay all amounts required to be paid by it under the Development Grant Agreement in the currency specified in such agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.

(b) Wherever used in Section 4.02(c) and (e) of the General Conditions, the words “principal and service charges” are modified to read “amounts”.

(b) Section 4.03 is modified to read as follows:

“Section 4.03. Amount of the Grant.

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

(c) Section 4.06 (b) is modified to read as follows:

“(b) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient.”

7. Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. Treatment of Taxes.

Except as otherwise provided in the Development Grant Agreement, the proceeds of the Grant may be withdrawn to pay for taxes levied by, or in the territory of, the Recipient on the goods or services to be financed under the
Grant, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Development Grant Agreement as required to be consistent with such policy of the Association.”

8. Article VI is modified as follows:

“(a) The word “credit” in paragraphs (a)(ii) and (c)(i) of Section 6.02 is replaced with the words “credit, grant or financing.

(b) Section 6.03 (c) is modified by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

9. Section 8.01(a) is modified to read as follows:

“(a) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Recipient.”

10. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. Termination of Development Grant Agreement.

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”