

No. 9591

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
NIGERIA**

**Guarantee Agreement—Kainji Project (Supplementary)
(with annexed Loan Regulations No. 4, as amended,
and Loan Agreement between the Bank and the
Niger Dams Authority). Signed at Washington on
27 November 1968**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
30 May 1969.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
NIGÉRIA**

**Contrat de garantie — Projet (complémentaire) de Kainji
(avec, en annexe, le Règlement n° 4 sur les emprunts,
tel qu'il a été modifié, et le Contrat d'emprunt entre
la Banque et la Niger Dams Authority). Signé à
Washington le 27 novembre 1968**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 30 mai 1969.*

GUARANTEE AGREEMENT ¹

AGREEMENT, dated November 27, 1968, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement dated July 7, 1964 ² and made between the Bank and the Niger Dams Authority (hereinafter called the Borrower), the Bank agreed to make a loan to the Borrower in an amount in various currencies equivalent to eighty-two million dollars (\$82,000,000), on the terms and conditions set forth in said loan agreement to assist the Borrower in financing a multi-purpose project more particularly described in Schedule 2 to said loan agreement ;

WHEREAS by a guarantee agreement dated July 7, 1964 ² and made between the Guarantor and the Bank, the Guarantor guaranteed the obligations of the Borrower in respect of said loan on the terms and conditions set forth in said guarantee agreement ;

WHEREAS by an agreement of even date herewith between the Bank and the Borrower, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, ³ the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fourteen million five hundred thousand dollars (\$14,500,000), for the completion of the project, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961

¹ Came into force on 14 January 1969, upon notification by the Bank to the Government of Nigeria.

² United Nations, *Treaty Series*, Vol. 537, p. 3.

³ See p. 190 of this volume.

as amended February 9, 1967,¹ subject, however, to the modifications thereof set forth in Section 1.01 of the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date

¹ See p. 190 of this volume.

on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “ assets of the Guarantor ” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including, without limitation, the Central Bank of Nigeria or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. (a) The Guarantor shall, prior to the Project going into commercial operation, and in agreement with the Bank, take such steps

with respect to the organization and operations of ECN and the Borrower as may be necessary to obtain efficient coordination of electric power production and distribution and assure maximum efficiency of operation under capable management and in accordance with sound engineering, financial and public utility practices.

(b) The Guarantor shall take all steps necessary to ensure that the exchange of assets between ECN and the Borrower described in Section 5.03 (a) of the Loan Agreement is carried out.

(c) The Guarantor shall take all requisite steps to ensure that the tariffs and charges prescribed by the Borrower for the supply of electricity are adequate for the purposes set forth in Section 5.02 of the Loan Agreement.

Section 3.06. The Guarantor shall, at a reasonable time prior to any appointment of a Chairman of the Borrower (or any person to perform the functions of chief executive of the Borrower), notify the Bank of any proposal to make such appointment and shall not make such appointment unless the qualifications and experience of the proposed candidate are acceptable to the Bank.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Federal Commissioner for Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Permanent Secretary
Federal Ministry of Finance
Lagos, Nigeria

Alternative address for cables :

Permfin
Lagos

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Intbafrad
Washington, D.C.

Section 5.02. The Federal Commissioner for Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the City of Lagos, Federal Republic of Nigeria, as of the day and year first above written.

Federal Republic of Nigeria :

By Obafemi AWOLowo
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice-President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER
THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.*]

LOAN AGREEMENT

AGREEMENT, dated November 27, 1968, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NIGER DAMS AUTHORITY (hereinafter called the Borrower).

WHEREAS by a loan agreement dated July 7, 1964¹ and made between the Bank and the Borrower, the Bank agreed to make a loan to the Borrower in an amount in various currencies equivalent to eighty-two million dollars (\$82,000,000),

¹ United Nations, *Treaty Series*, Vol. 537, p. 3.

on the terms and conditions set forth in said loan agreement to assist the Borrower in financing a multi-purpose project more particularly described in Schedule 2 to said loan agreement ;

WHEREAS by a guarantee agreement dated July 7, 1964¹ and made between the Federal Republic of Nigeria (hereinafter called the Guarantor) and the Bank, the Guarantor guaranteed the obligations of the Borrower in respect of said loan on the terms and conditions set forth in said guarantee agreement ; and

WHEREAS the Borrower has requested additional funds for the said project and the Bank is willing to make available to the Borrower a supplementary loan for such purpose on the terms and conditions hereinafter provided ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS ; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961 as amended February 9, 1967,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) :

Paragraph 11 of Section 10.01 is deleted and the following paragraph is substituted therefor :

“ 11. The term ‘ Project ’ means the project for which the Loan is granted, as described in Schedule 2 (Description of Project) to the First Loan Agreement and as such description may be amended from time to time by agreement between the Bank and the Borrower. ”

Section 1.02. Unless the context otherwise requires, the following terms wherever used in the Loan Agreement shall have the following meanings :

(a) The term “ First Loan Agreement ” means the loan agreement (*Kainji Project*) dated July 7, 1964 and made between the Bank and the Borrower.

(b) The term “ First Guarantee Agreement ” means the guarantee agreement (*Kainji Project*) dated July 7, 1964 and made between the Guarantor and the Bank.

(c) The term “ ECN ” means the Electricity Corporation of Nigeria, a statutory authority established by the Electricity Corporation Act (Chapter 58 of the Laws of the Guarantor) as amended.

¹ United Nations, *Treaty Series*, Vol. 537, p. 3.

² See p. 190 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fourteen million five hundred thousand dollars (\$14,500,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time by agreement between the Bank and the Borrower.

Section 2.03. Withdrawals from the Loan Account may be made on account of expenditures made prior to the Effective Date but after the date of this Agreement.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and

in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement and as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Chairman of the Borrower is designated as authorized representative of the Borrower for purposes of Section 6.12 of the Loan Regulations. The said Chairman may designate additional or other authorized representatives in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. The provisions of Article V of the First Loan Agreement, except Section 5.07 (b) thereof, are hereby incorporated *verbatim* into this Agreement with the same force and effect as if they were fully set forth herein.

Section 5.02. (a) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall from time to time take all steps necessary to obtain revenues from its operations sufficient to provide a return on its net fixed assets in operation of at least 4.5 % for the financial year ending March 31, 1970, rising gradually to at least 8 % for the financial year ending March 31, 1974 and thereafter.

(b) For the purposes of this Section :

- (i) The annual rate of return shall be calculated by relating the operating income for the year in question to the average of the value of the net fixed assets of the Borrower in operation at the beginning and at the end of each year.
- (ii) The term " value of net fixed assets in operation " shall mean the gross value of such assets, less the amount of accumulated depreciation, valued in accordance with sound and consistently maintained methods of valuation, acceptable to the Bank.
- (iii) The term " operating income " shall mean the difference between :
 - (A) gross operating revenue accruing from the Borrower's services ; and

- (B) the operating and administration expenses, including taxes (if any), adequate maintenance and depreciation but excluding interest and other charges on debt.

(c) The provisions of Section 5.07 (b) of the First Loan Agreement are deleted and the provisions of subsections (a) and (b) hereof are substituted therefor.

Section 5.03. (a) The Borrower shall make arrangements, satisfactory to the Bank, to exchange, by March 31, 1970, the following assets with ECN :

- (i) assets to be transferred from ECN to the Borrower : all 330 kilovolt transmission lines, the plant, equipment and other property relating thereto and all rights in respect thereof ; and
- (ii) assets to be transferred from the Borrower to ECN : all transmission lines and substations of under 330 kilovolt, the plant, equipment and other property relating thereto and all rights in respect thereof.
- (b) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not transfer, or permit to be transferred, to any other person or entity any portion of its property the transfer of which would in any manner significantly affect the operations or the financial position of the Borrower.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in paragraph (a) of Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in paragraphs (c) and (d) of Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following additional events are specified for the purposes of Section 5.02 of the Loan Regulations :

- (a) An event shall have occurred which shall have caused any creditor to demand, in accordance with the terms of any loan having an original maturity of one year or more, repayment of any part of such loan prior to the agreed maturity thereof.
- (b) Any event shall have occurred which shall have operated to suspend the right of the Borrower to withdraw amounts under any loan agreement with any other creditor.
- (c) The Niger Dams Act, 1962, shall have been suspended, terminated or repealed or amended so as to affect adversely the ability of the Borrower to carry out the covenants and agreements set forth in the Loan Agreement.
- (d) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower or the Guarantor under the First Loan Agreement or the First Guarantee Agreement or the bonds issued pursuant thereto.

Article VII

MODIFICATION OF THE FIRST LOAN AGREEMENT

Section 7.01. For the purposes of the First Loan Agreement :

(a) Paragraph (c) of Section 5.02 of the Loan Regulation No. 4 of the Bank dated February 15, 1961 is deleted and the following paragraph is substituted therefor :

“ (c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement, the Bonds, or under the loan agreement (*Kainji Project-Supplementary*) dated November 27, 1968 between the Bank and the Borrower, the guarantee agreement (*Kainji Project-Supplementary*) of even date therewith¹ between the Guarantor and the Bank or the bonds issued pursuant thereto. ”

(b) Section 1.02 of the First Loan Agreement is deleted and the following paragraph is substituted therefor :

“ SECTION 1.02. Wherever used in this Loan Agreement, the term ‘ Kainji Development ’ means the Project plus eight additional generating units with their necessary auxiliaries and civil works and additional circuits of 330 kilovolt transmission line to be agreed with the Bank. ”

Article VIII

TERMINATION ; MISCELLANEOUS

Section 8.01. The Closing Date shall be September 30, 1970, or such other date as shall be agreed from time to time by the Bank and the Borrower.

¹ See p. 182 of this volume.

Section 8.02. If this Agreement shall not have come into force and effect by January 31, 1969, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such date.

Section 8.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Niger Dams Authority
Cabinet Office
P.M.B. 12605
Lagos, Nigeria

Alternative address for cables :

Nigerdams
Lagos

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be executed in their respective names, and to be delivered in the City of Lagos, Federal Republic of Nigeria, as of the day and year first above written.

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

Niger Dams Authority :

By Jasper H. INGS
Authorized Representative

The Seal of the Niger Dams Authority
was affixed in the presence of :

Yahaya DIKKO

and authenticated by :

Jasper H. INGS

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amount (Expressed in Dollars Equivalent)</i>
1. Preliminary access roads and erection of bridges	—
2. Construction of dams, powerhouse and locks and river improvements	7,000,000
3. Electrical and mechanical equipment	1,950,000
4. Construction of transmission system	3,620,000
5. Engineering and Consulting services	680,000
6. Training of Staff	100,000
7. Resettlement and reservoir clearance	—
8. Interest and other charges on Loan during construction	1,150,000
9. Unallocated	—
TOTAL	<u>14,500,000</u>

SCHEDULE 2

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
February 15, 1971	85,000	February 15, 1980	155,000
August 15, 1971	90,000	August 15, 1980	160,000
February 15, 1972	95,000	February 15, 1981	165,000
August 15, 1972	95,000	August 15, 1981	170,000
February 15, 1973	100,000	February 15, 1982	175,000
August 15, 1973	105,000	August 15, 1982	180,000
February 15, 1974	105,000	February 15, 1983	190,000
August 15, 1974	110,000	August 15, 1983	195,000
February 15, 1975	115,000	February 15, 1984	200,000
August 15, 1975	115,000	August 15, 1984	205,000
February 15, 1976	120,000	February 15, 1985	215,000
August 15, 1976	125,000	August 15, 1985	220,000
February 15, 1977	130,000	February 15, 1986	230,000
August 15, 1977	130,000	August 15, 1986	235,000
February 15, 1978	135,000	February 15, 1987	245,000
August 15, 1978	140,000	August 15, 1987	250,000
February 15, 1979	145,000	February 15, 1988	260,000
August 15, 1979	150,000	August 15, 1988	270,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
February 15, 1989	275,000	August 15, 1994	395,000
August 15, 1989	285,000	February 15, 1995	405,000
February 15, 1990	295,000	August 15, 1995	420,000
August 15, 1990	305,000	February 15, 1996	435,000
February 15, 1991	315,000	August 15, 1996	445,000
August 15, 1991	325,000	February 15, 1997	460,000
February 15, 1992	335,000	August 15, 1997	475,000
August 15, 1992	345,000	February 15, 1998	490,000
February 15, 1993	355,000	August 15, 1998	510,000
August 15, 1993	370,000	February 15, 1999	525,000
February 15, 1994	380,000	August 15, 1999	545,000

* See p. 204 of this volume.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity	1/2 %
More than four years but not more than eight years before maturity	1 1/4 %
More than eight years but not more than fourteen years before maturity ..	2 1/4 %
More than fourteen years but not more than twenty years before maturity ..	3 3/4 %
More than twenty years but not more than twenty-seven years before maturity	5 %
More than twenty-seven years but not more than twenty-nine years before maturity	6 %
More than twenty-nine years before maturity	6 1/2 %

SCHEDULE 3

I. With respect to contracts involving an amount of \$100,000 equivalent or more, the following procedures shall apply :

- (A) Before bids are invited, the Borrower shall submit to the Bank for approval the invitations to bid, specifications and all other tender documents, together with a description of advertising procedures. If prequalification is to be used, before the qualification information is invited, the Borrower shall submit to the Bank for approval the procedures for such prequalification.
- (B) After bids have been received and analyzed, the bid analysis and recommendation for contract award, together with the reasons for such recommendation,

will be submitted by the Borrower to the Bank for approval prior to the contract award or the issuance of a letter of intent.

- (C) If the proposed final contract differs substantially from the terms and conditions contained in the documents previously approved by the Bank, the text of the proposed changes will be submitted to the Bank for its review and approval.
- (D) As soon as a contract is signed, the Borrower shall furnish to the Bank a certified copy of such contract.

II. With respect to contracts involving an amount below \$100,000 equivalent, the Borrower shall furnish to the Bank the documents referred to in Paragraph I (D) above as soon as such contracts are signed.
