

No. 9623

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

Loan Agreement—*Highway Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 12 November 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 11 June 1969.

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

Contrat d'emprunt — *Projet relatif aux routes* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 12 novembre 1968

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 juin 1969.

LOAN AGREEMENT¹

AGREEMENT, dated November 12, 1968, between the GOVERNMENT OF CEYLON (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to make a loan to it in an aggregate principal amount equivalent to \$4,900,000 to assist the Borrower in financing the Project described in Schedule I to this Loan Agreement;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards financing the Project;

(C) by an agreement of even date herewith between the Association and the Borrower (hereinafter referred to as the Development Credit Agreement),² the Association is agreeing to provide such assistance (hereinafter called the Credit) in an aggregate principal amount equivalent to \$4,900,000; and

WHEREAS the Bank has agreed, on the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

Now therefore the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,³ 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. 3, as so modified being hereinafter called the Loan Regulations) : Section 4.01 is deleted.

¹ Came into force on 12 February 1969, upon notification by the Bank to the Government of Ceylon.

² See p. 83 of this volume.

³ See p. 80 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 Loan Agreement set forth or referred to, an amount in various currencies equivalent to four million nine hundred thousand dollars (\$4,900,00).

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 Loan Agreement and the Loan Regulations and in accordance with the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Loan Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, such amounts as shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Categories A, B, C, D (2), E, and F of the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Loan Agreement; and
- (ii) the equivalent of forty per cent (40 %) of such amounts as shall have been paid for expenditures under Category D (1), of said Schedule 2; provided, however, that if there shall be an increase in the estimate of expenditures under such Category D (1), the Bank may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Loan then allocated to such Category D (1), and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category D (1).

(b) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of :

- (i) expenditures made prior to the date of this Loan Agreement; or
- (ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories; or

(iii) any expenditures unless and until all amounts under the Development Credit Agreement shall have been withdrawn or committed.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (a) (ii) of this Loan Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. 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 2.06. 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 2.07. 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 2.08. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 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 described in Schedule 1 to this Loan Agreement.

Section 3.02. Except as the Bank shall otherwise agree :

- (i) the goods, other than services of consultants, 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 in February 1968, (hereinafter referred to as the Guidelines), and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4

to this Loan Agreement, and as shall be agreed between the Borrower and the Bank;

- (ii) contracts for the procurement of all goods to be financed out of the proceeds of the Loan, excepting those procured under paragraph A (4) of Schedule 4 hereto, 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 in the territories of the Borrower exclusively in the carrying out of 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 Permanent Secretary of the Ministry of Planning and Economic Affairs of the Borrower, duly authorized by the Governor-General of Ceylon, is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Governor-General of Ceylon may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, engineering, financial, and highway practices, and shall make available, promptly as needed, all funds, facilities, services, and other resources required for the purpose.

(b) To assist in carrying out each part of the Project described in Schedule 1 hereto, except for Part III (*h-s*) thereof, the Borrower shall employ or cause to be employed competent and experienced consultants acceptable to the Bank, to an extent, and upon such terms and conditions as shall have been approved by the Bank.

(c) The Borrower shall cause the works included in Part III (*a-g*) of the Project to be carried out by a contractor acceptable to the Bank, employed under a contract which shall have been approved by the Bank.

(d) The general design standards to be used for the works included in the Project are set out in Schedule 5 hereof, subject to modification by agreement between the Borrower and the Bank.

(e) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the reports, plans, specifications, contract documents, and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.02. (a) The Borrower shall take all necessary steps to introduce and implement as soon as practicable measures designed to ensure that the dimensions and axleloads of vehicles using the roads and bridges included in its public highway system shall not exceed limits consistent with the design standards of such roads and bridges.

(b) The Borrower shall establish and maintain facilities to collect and record, in accordance with sound statistical methods and procedures, such technical, economic and financial information as shall be required for future transport planning and in particular, for the proper planning of maintenance, improvement and extension of the Borrower's public highway system.

Section 5.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and the operations and financial condition, with respect to the public highway system, of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditures of the proceeds of the Loan, the Project, the goods to be financed out of the proceeds of the Loan, and the operations and administration with respect to the Project, of the agency or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 5.04. Except as the Borrower and the Bank shall otherwise agree, the Borrower undertakes to have the imported goods to be financed out of the proceeds of the Loan insured against marine, transit and other hazards incident to 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.

Section 5.05. (a) The Borrower 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 it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan, the maintenance of the service thereof, the Project, and the operations, administration, and financial condition, with respect to the public highway system, of the agency or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

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

Section 5.06. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Central Bank of Ceylon, or any other institution performing the functions of a central bank.

Section 5.07. 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 imposed under the laws of the Borrower or laws in effect in its territories, and free from all restrictions imposed under the laws of the Borrower 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 Borrower.

Section 5.08. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations 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 any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement to the contrary notwithstanding.

Article VII

TERMINATION; MISCELLANEOUS

Section 7.01. The date January 15, 1969 is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.02. The obligations of the Borrower under Sections 5.01 through 5.04 of this Loan Agreement shall terminate on the date on which this Loan Agreement shall terminate or on a date ten years after the date of this Loan Agreement, whichever shall be the earlier.

Section 7.03. The Closing Date shall be June 30, 1973 or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.04. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministry of Planning and Economic Affairs
Central Bank Building, 8th Floor
Colombo 1, Ceylon

Alternative address for cables :

Secminplan
Colombo

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 7.05. The Permanent Secretary of the Ministry of Planning and Economic Affairs of the Borrower 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 Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Government of Ceylon :
By Oliver WEERASINGHE
Authorized Representative

International Bank for Reconstruction and Development :
By J. Burke KNAPP
Vice President

SCHEDULE I

DESCRIPTION OF PROJECT

The Project consists of the following parts :

I. A three-year road rehabilitation and maintenance pilot program for the area included in the Southern Division of the Borrower's Public Works Department, including the provision of equipment therefor.

II. The improvement of workshop facilities for major repairs and overhaul of highway equipment, including the provision of equipment for the proposed central workshops, and the provision of equipment to meet the most urgent maintenance needs of the Divisions, other than the Southern Division, of the Public Works Department.

III. The replacement of the following 19 bridges by two-lane bridges designed to the loading requirements for major routes in Ceylon:

<i>Item</i>	<i>Location of the Bridge</i>	<i>On Route</i>	<i>Milepost/ Structure No.</i>
(a)	Deduru Oya, Kurunegala	A-6	64/2
(b)	Nalanda Oya, Kandy-Jaffna Road	A-9	32/1
(c)	Mirisgona Oya, Dambulla	A-9	47/3
(d)	Colombo-Trincomalee Road	A-6	117/2
(e)	Colombo-Trincomalee Road	A-6	123/3
(f)	Dambulla Oya, Kandy-Jaffna Road	A-9	42/2
(g)	Dambulla	A-6	91/3
(h)	Walawe Ganga, Ambalantota	A-2	141/1
(i)	Wee Oya, Yatiyantota	A-7	49/7
(j)	Deduru Oya, Chilaw	A-3	52/5
(k)	Kalu Ganga, Ratnapura	A-4	64/8
(l)	Kirindi Oya, Wellawaya	A-4	139/1
(m)	Liyana Oya, Kitulgala	A-7	61/14
(n)	Puttalam-Jaffna Road	A-12	72/2
(o)	Kelani Ganga, Avissawella	A-7	38/2
(p)	Kelani Ganga, Avissawella-Nuwara Eliya	A-7	46/1
(q)	Kutugas Ela, Ratnapura	A-4	63/4
(r)	Ellawala Oya, Kiriella	A-8	33/5
(s)	Sengala Oya, Chilaw	A-3	58/4

IV. (a) Feasibility studies for the following road sections, totalling to about 250 miles, including a study to define the main routes in and from the city of Colombo:

- (i) the Colombo-Kandy-Katugastota road (about 70 miles), route A-1 and part of route A-9;
 - (ii) the Colombo-Galle road (about 70 miles), part of route A-2;
 - (iii) the Colombo-Negombo road (about 20 miles), part of route A-3;
 - (iv) the Hanwella-Avissawella-Ginigathena road (about 40 miles), part of route A-4 and of route A-7; and
 - (v) the Batticaloa-Trincomalee road (about 50 miles), part of route A-15; and
- (b) Detailed engineering and preparation of bidding documents for about 100 miles of road sections included in the feasibility studies and acceptable to the Bank.

V. The reorganization, in accordance with a detailed program established in consultation with the Bank, of the administration of the Borrower's highway organization and the establishment of transport coordination machinery. The main features of such reorganization are:

- (a) the establishment, within one year from the effective date of this Loan Agreement, of a separate highway organization, including at least one economist, which will be entrusted with all responsibility for the administration, planning, design, construction and maintenance of all roads, projects, ferries, workshops and related facilities included in the Borrower's public highway system. The organization of such highway organization, the procedures under which it will operate, be staffed and financed, shall be determined by the Borrower in consultation with the Bank and with the assistance of the consultants referred to in Section 5.01 (b) hereof with respect to this part of the Project, and shall insure that such highway organization will not be responsible for activities unrelated to the Borrower's public highway system except as may be required, to the Bank's satisfaction, in the interest of greater efficiency and economy;
- (b) the gradual phasing out throughout the territories of the Borrower, of the system whereby road construction and maintenance is carried out by using overseers, and its replacement as rapidly as practicable by a system in which these operations will be under the direct control of professionally qualified engineers in its highway organization; this phasing out will be accomplished in the Southern Division in conjunction with the carrying out of Part I of the Project;
- (c) the establishment, within the Borrower's Ministry of Planning and Economic Affairs, of a unit which shall generally advise the Borrower on matters related to coordination between the various modes of transport, in order to provide effective transport planning and coordination and to assist in formulating and implementing a sound national transport policy. This transport coordination unit shall be responsible for centralizing the investment proposals of all departments and agencies of the Borrower in any way related to transport, for verifying with respect to all such proposals that they are adequately documented and supported, for analyzing and evaluating all such proposals, and for assigning to each proposal such economic priority as such proposal justifies. In addition, such unit shall make recommendations to the appropriate transport agencies on rates and fares which would reflect the economic costs of the services provided by the different transport modes;
- (d) the carrying out of a study designed to evaluate the economic costs of providing roads and road transport and to recommend appropriate pricing policies for determining road user charges;
- (e) the establishment within the Ceylon Government Railway of a cost analysis unit which will evaluate the economic costs of railway transport and recommend appropriate pricing policies for determining railway tariffs.

The Project is expected to be completed by December 31, 1972.

SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE CREDIT AND OF THE LOAN

<i>Category</i>	<i>Maximum Amounts Expressed in Dollar Equivalent</i>
A. Equipment for the road rehabilitation and maintenance pilot program	3,200,000
B. Workshop and other equipment	1,300,000
C. Equipment and materials for bridge replacement by the Ministry of Public Works, Posts and Telecommunications	1,170,000
D. Bridge replacement by contract	
(1) Civil works	330,000
(2) Design and supervision	100,000
E. Studies and detailed engineering	1,800,000
F. Management and advisory services	630,000
G. Unallocated	<u>1,270,000</u>
TOTAL	<u><u>9,800,000</u></u>

ALLOCATION OF THE PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of the Development Credit Agreement, and shall be applied to expenditures under any of the Categories hereof, until the total of withdrawals and commitments in respect of such expenditures shall have reached the equivalent of \$4,900,000.

ALLOCATION OF THE PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of this Loan Agreement and shall be applied to expenditures under any of the Categories hereto incurred after the amount of the Credit shall have been exhausted.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the cost of the items included in any of the Categories A through F shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated to Category G by the Association or by the Bank, as the case may be.

4. If the estimate of the cost of the items included in any of the Categories A through F shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds, will be allocated at the request of the Borrower to such Category from Category G, by the Association or by the Bank, as the case may be, subject, however, to the requirements for contingencies, as determined by the Association and by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 3

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>
January 1, 1979	60,000	July 1, 1989	115,000
July 1, 1979	60,000	January 1, 1990	120,000
January 1, 1980	65,000	July 1, 1990	125,000
July 1, 1980	65,000	January 1, 1991	125,000
January 1, 1981	65,000	July 1, 1991	130,000
July 1, 1981	70,000	January 1, 1992	135,000
January 1, 1982	70,000	July 1, 1992	140,000
July 1, 1982	75,000	January 1, 1993	145,000
January 1, 1983	75,000	July 1, 1993	150,000
July 1, 1983	80,000	January 1, 1994	155,000
January 1, 1984	80,000	July 1, 1994	160,000
July 1, 1984	85,000	January 1, 1995	165,000
January 1, 1985	85,000	July 1, 1995	170,000
July 1, 1985	90,000	January 1, 1996	175,000
January 1, 1986	90,000	July 1, 1996	180,000
July 1, 1986	95,000	January 1, 1997	185,000
January 1, 1987	100,000	July 1, 1997	190,000
July 1, 1987	100,000	January 1, 1998	195,000
January 1, 1988	105,000	July 1, 1998	200,000
July 1, 1988	110,000	January 1, 1999	205,000
January 1, 1989	110,000		

* 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.

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	½ %
More than four years but not more than eight years before maturity	1 ¼ %
More than eight years but not more than fourteen years before maturity	2 ¼ %
More than fourteen years but not more than twenty years before maturity	3 ¼ %
More than twenty years but not more than twenty six years before maturity	5 %
More than twenty six years but not more than twenty eight years before maturity	6 %
More than twenty eight years before maturity	6 ½ %

SCHEDULE 4

PROCUREMENT OF GOODS

A. 1. With respect to goods in Categories A, B, and C as set out in Schedule 2 of this Loan Agreement, identical or similar items of equipment will be grouped together wherever practicable for purposes of bidding and procurement, and such grouping of items will be subject to the approval of the Bank. In addition, each item of such equipment will, wherever practicable, be procured with an initial supply of spare parts equal to approximately 20 % of the basic cost of the item.

2. Prior to inviting bids with respect to goods in Categories A, B, and C of said Schedule 2, information concerning the advertising coverage as well as the bidding documents and draft contracts shall be submitted to the Bank for its approval. Subsequent to such approval, bids will be invited and the time interval referred to in Section 3.1 of the Guidelines, between the invitation to bid and bid opening, shall be equal to at least 60 days.

3. Before awards of contracts are made with respect to goods in such Categories A, B, or C of said Schedule 2, the Borrower shall send to the Bank for its approval an evaluation of the bids received and the Borrower's proposals concerning the contract and the award. Bids will be evaluated in accordance with Section 3.7 of the Guidelines, and taking into account the advantages resulting from the standardization of equipment and the manufacturer's spares and servicing facilities. If it is proposed to award the contract to other than the bidder offering the lowest evaluated price, the reason for such an exception to Section 3.9 of the Guidelines shall be stated. One conformed copy of the contract for such goods shall promptly be sent to the Bank.

4. For items or groups of items from such Categories A, B, or C of such Schedule 2 for which the grouping referred to in paragraph A (1) above is not practicable and the value of which is small, competitive bidding may be dispensed with, provided that the Borrower shall send to the Bank for its approval details of the proposed procurement procedure as well as periodic lists of such items indicating the expected price of such goods and the intended suppliers thereof.

B. 1. With respect to the procurement of civil works for the replacement of the seven bridges listed under items (a) through (g) of Part III of the Description of Project in Schedule 1, and included in Category D of Schedule 2 to this Loan Agreement, potential bidders will be prequalified under Section 1.3 of the Guidelines. Notice of the prequalification will be given wide advertising coverage acceptable to the Bank both in Ceylon and in other countries, and a period of not less than 45 days will be allowed for submission of prequalification documents, such period to start from the date of delivery to representatives of member countries of the Bank and Switzerland in Ceylon of such notice of prequalification.

2. The civil works referred to in paragraph B (1) should be bid and awarded as a single contract. The time interval referred to in Section 3.1 of the Guidelines between the invitation to bid and bid opening shall be equal to at least 60 days.

3. Prior to inviting bids with respect to such civil works referred to in paragraph B (1), information concerning the advertising coverage as well as the bidding documents, the draft contracts, and the list of prequalified firms proposed to be invited to bid shall be submitted to the Bank for its approval.

4. Before awarding the contract with respect to such civil works referred to in paragraph B (1), the Borrower shall submit to the Bank for its approval an abstract and an evaluation of the bids received, the Consultants' and the Borrower's evaluation thereof, and the Borrower's proposal concerning the contract and the award. The contract will be awarded to the bidder offering the lowest evaluated bid determined to be the most favorable in regard to technical and financial considerations and practices. If it is proposed to award the contract to other than the bidder offering the lowest evaluated price, the reason for such an exception to Section 3.9 of the Guidelines shall be stated. Within 45 working days after obtaining the Bank's approval required herein, the Borrower shall award the contract and make it effective. One certified copy of the signed contract will promptly be sent to the Bank.

5. Bids will be accompanied by a bid bond or bank guarantee under Section 2.5 of the Guidelines, which shall be at least equal to 3 % of the estimated contract price. The successful contractor will furnish a 100 % performance bond or a bank guarantee at least equal to 10 % of the contract price, in accordance with Section 2.6 of the Guidelines. In addition, the contract will provide, under Section 4.5 of the Guidelines, for retention money at least equal to 10 % of the amount payable under each monthly invoice until a total amount equal to 5 % of the total contracting price shall have been reached. Any amount so withheld as retention money will be released upon the contractor's full performance of the contract, which will include a warranty period for defective work equal to one year.

SCHEDULE 5. GENERAL DESIGN STANDARDS

Design Average Daily Traffic (Passenger Car Units) ¹	Terrain (Mountainous, Rolling & Flat)	Design Speed (mph)	Access	Roadway		Horizontal Alignment: radius in feet		Vertical Alignment		Right-of-Way (ft)				
				Pavement (ft)	Shoulders (ft)	Normal minimum	Absolute minimum	Normal maximum %	Absolute maximum %	Normal minimum	Absolute minimum			
< 100	M	20	Standard	18	3	150	100	9	11	99	66			
	R	25		18	3	200	155	9	11					
	F	30		18	3	250	230	9	11					
100 to 300	M	25		Standard	18	3	200	155	9	11	99	66		
	R	35			20	3	345	320	9	10				
	F	40			20	3	500	425	8	10				
300 + to 600	M	30			Standard	18	3	250	230	9	11	132	99	
	R	40				20	3	500	425	8	10			
	F	50				20	4	820	675	7	9			
600 + to 1,200	M	35				Standard	18	3	345	320	8	10	132	99
	R	45					20	4	675	545	7	9		
	F	55					22	5	1,050	885	6	8		
1,200 + to 2,000	M	40	Partially or Fully Controlled				20	4	500	425	7	9	132	99
	R	50					22	6	820	675	6	8		
	F	60					22	6	1,290	1,050	5	7		
2,000 + to 3,000	M	40		Partially or Fully Controlled			22	5	500	425	6	8	132	99
	R	55					24	7	1,050	885	5	7		
	F	65					24	7	1,670	1,290	4	6		
3,000 + to 5,000	M	40			Partially or Fully Controlled		24	6	500	425	6	8	132	99
	R	60					24	7	1,290	1,050	4	6		
	F	65					24	8	1,665	1,290	4	6		
5,000 + to 8,000	M	45				Partially or Fully Controlled	24	8	675	545	5	7	330	165
	R	60					24	9	1,290	1,050	4	6		
	F	65					24	9	1,665	1,290	3	5		
8,000 + to 12,000	M	50	Fully Controlled				2 @ 24	7	820	675	5	7	330	165
	R	60					2 @ 24	8	1,290	1,050	4	6		
	F	70					2 @ 24	9	1,910	1,430	3	5		
In excess of 12,000	M	50		Fully Controlled			2 @ 24	9	820	675	5	7	330	198
	R	65					2 @ 24	10	1,065	1,290	4	6		
	F	70					2 @ 24	10	1,910	1,430	3	5		

NOTE. This Table is a summary of design standards adopted by PWD in 1968. Carriageway width across structures will be not less than 24 feet.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 615, p. 98.*]
