

No. 9891

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

Loan Agreement—*Education Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 11 April 1969

Authentic text : English.

Registered by the International Bank for Reconstruction and Development on 27 September 1969.

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

Contrat d'emprunt — *Projet relatif à l'enseignement* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 11 avril 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 27 septembre 1969.

LOAN AGREEMENT¹

AGREEMENT, dated April 11, 1969, between the REPUBLIC OF ZAMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 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. 3, as so modified being hereinafter called the Loan Regulations) : Section 4.01 is deleted.

Section 1.02. Whenever used in this Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth and the term "Minister" means the official charged with the functions of the "Minister responsible for finance" under the General Loans (International Bank) Act, 1966, of Zambia.

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 seventeen million four hundred thousand dollars (\$17,400,000).

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(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set

¹ Came into force on 15 July 1969, upon notification by the Bank to the Government of Zambia.

² See p. 268 of this volume.

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 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, shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Category V of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement; and
- (ii) the equivalent of forty per cent (40 %) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for expenditures under Categories I, II, III and IV of said Schedule 1; provided, however, that if there shall be an increase in the estimate of expenditures under any such Category, 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 and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

(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 Effective Date, 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.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (a) (ii) of this 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 ($1/2$ 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 15 and July 15 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 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, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, 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, subject to and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement.

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 Minister and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency, in conformity with sound educational, technical, administrative and financial standards and practices and with due regard to economy, and shall provide, promptly as needed, the funds, facilities, services and other resources required for this purpose and to carry out all other covenants stated in this Agreement.

(b) The Borrower shall, for the purpose of carrying out the Project, establish and maintain, within its Ministry of Education, a Project Unit with such responsibilities, powers and staff as are specified in Schedule 5 to this Agreement.

(c) The Borrower shall, in carrying out the Project, employ, to an extent and upon terms and conditions mutually satisfactory to the Borrower and the Bank :

- (i) qualified and experienced firms of architects, engineers and quantity surveyors, mutually acceptable to the Borrower and the Bank and selected and retained in accordance with the procedures set forth in the booklet entitled "Uses of Consultants by the World Bank and its Borrowers", published by the Bank in September 1966, to be responsible for the design, the contract documents, the contractual arrangements (subject to the Borrower's responsibilities pursuant to Schedule 4 to this Agreement) and supervision in respect of all construction work;
- (ii) qualified and experienced clerks of works, acceptable to the above-mentioned firms, who will be responsible, under the direction of such firms, for the supervision of the day-to-day construction work; and
- (iii) qualified and experienced contractors mutually acceptable to the Borrower and the Bank.

Section 5.02. The Borrower shall operate the educational institutions included in the Project so as to achieve its educational objectives, by such means as providing them with qualified principals and teachers serving on a full-time basis, and shall endeavor to maintain their total full-day student enrollment levels as set forth in Exhibit A of Schedule 3 to this Agreement, except as these may from time to time be varied by agreement between the Borrower and the Bank.

Section 5.03. The Borrower shall properly supervise its secondary schools and teacher training colleges through qualified inspectors and regional education officers.

Section 5.04. For the purpose of carrying out its covenants under Sections 5.02 and 5.03, the Borrower shall establish and carry out, beginning not later than January 1, 1970, appropriate training programs for selected personnel in order to provide a sufficient number of :

- (a) school principals to be available for appointment upon completion of the Project; and
- (b) inspectors and regional education officers to be available for appointment by the end of 1975.

Section 5.05. The Borrower shall :

- (a) upon their selection, furnish to the Bank for its approval and in such detail as the Bank shall reasonably request, the site plans for all buildings to be erected under the Project;
- (b) at least one year before it plans to start construction on any such building, take all steps to acquire the required site and obtain any necessary approvals from regional and town planning authorities and from the Commissioner of Lands; and
- (c) before starting or during the construction of an extension to an existing school and before installing equipment in it as part of the Project, supply it with the necessary utilities.

Section 5.06. The Borrower shall adequately maintain the buildings and equipment of the educational institutions included in the Project and make all necessary renewals and repairs thereof in accordance with sound technical and administrative practices.

Section 5.07. The Borrower shall make or cause to be made adequate provision to insure the goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation, and any indemnity under such insurance shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.08. (a) The Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

(b) The Borrower (i) 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 expenditure of the proceeds of the Loan

and to reflect in accordance with consistently maintained sound accounting practices the operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; (ii) shall enable accredited representatives of the Bank to inspect the Project, the goods, and any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods, the Project, the educational system of the Borrower, the Borrower's programs for educational development and the operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 5.09. (a) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof, and 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 external debt of the Borrower.

(b) 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 carrying out of the Project or the maintenance of the service of the Loan.

(c) 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 5.10. (a) 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.

(b) 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 Bank of Zambia and any other institution performing the functions of a central bank.

Section 5.11. 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 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 5.12. 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 Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

- (a) The Borrower has established the Project Unit provided for in Section 5.01 (b) of this Agreement; and
- (b) The Borrower has employed the Project Director and the Project Architect provided for in sub-paragraphs 2 (a) and (b) of Schedule 5 to this Agreement.

Section 7.02. If the Loan Agreement shall not have come into force and effect by July 15, 1969, the Loan 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 purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be September 30, 1974, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministry of Finance
P.O. Box RW. 62
Ridgeway
Lusaka, Zambia

Cable address :

Finance, Ridgeway
Lusaka

For the Bank :

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

Cable address :

Intbafrad
Washington, D.C.

Section 8.03. The Minister 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.

Republic of Zambia :

By R. B. BANDA

Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP

Vice President

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollars Equivalent</i>
I. Construction works, including fixed furnishings and fittings . . .	6,240,000
II. Improvement of buildings and sites	1,780,000
III. Furniture	1,320,000
IV. Professional services : architects, engineers, quantity surveyors and clerks of work	810,000
V. Instructional and other equipment	4,850,000
VI. Unallocated	2,400,000
	<u>TOTAL 17,400,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to V shall decrease or if the Borrower should make arrangements for securing certain of the items without or at a reduced charge, the amount of the Loan then allocated

to, and no longer required for, such Category will be reallocated by the Bank to Category VI.

2. If the estimate of the cost of the items included in any of the Categories I to V shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category I, II, III or IV an amount equal to 40 % of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category VI, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

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>
July 15, 1979	335,000	July 15, 1987	555,000
January 15, 1980	345,000	January 15, 1988	575,000
July 15, 1980	355,000	July 15, 1988	595,000
January 15, 1981	365,000	January 15, 1989	615,000
July 15, 1981	380,000	July 15, 1989	630,000
January 15, 1982	390,000	January 15, 1990	655,000
July 15, 1982	405,000	July 15, 1990	675,000
January 15, 1983	415,000	January 15, 1991	695,000
July 15, 1983	430,000	July 15, 1991	720,000
January 15, 1984	445,000	January 15, 1992	740,000
July 15, 1984	460,000	July 15, 1992	765,000
January 15, 1985	475,000	January 15, 1993	790,000
July 15, 1985	490,000	July 15, 1993	815,000
January 15, 1986	505,000	January 15, 1994	845,000
July 15, 1986	520,000	July 15, 1994	875,000
January 15, 1987	540,000		

* 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 three years before maturity	1½ %
More than three years but not more than six years before maturity	1¼ %
More than six years but not more than eleven years before maturity	2¼ %
More than eleven years but not more than sixteen years before maturity	3¾ %
More than sixteen years but not more than twenty-one years before maturity	5 %
More than twenty-one years but not more than twenty-three years before maturity	6 %
More than twenty-three years before maturity	6½ %

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of :

1. the construction, furnishing and equipping of nine new secondary schools; and
2. the improvement of, the construction of extensions to, and the supplementary furnishing and equipping of :
 - (a) 56 existing secondary schools,
 - (b) two existing primary teacher training colleges,
 - (c) two existing higher teacher training colleges, and
 - (d) the Northern Technical College.

The specific educational institutions to be included in the Project, their locations, their planned total full-day student enrollment levels and the approximate area to be constructed for each, shall be as specified in Exhibit A of this Schedule, subject to modification by further agreement between the Borrower and the Bank.

The Project is expected to be completed by June 30, 1973.

EXHIBIT A

LIST OF EDUCATIONAL INSTITUTIONS

<i>Code No.</i>	<i>Location</i>	<i>Total enrollment capacity*</i>	<i>Area of new construction (approx. gross. sq ft.)</i>
(1) <i>New secondary schools</i>			
101	Kasama	810	43,300
102	Chinsali	620	84,000
103	Chipata	810	44,600
104	Nyimba	620	87,800
105	Kitwe	930	47,900
106	Chingola	930	47,900
107	Ndola	620	34,000
108	Mansa	620	87,800
109	Kabwe	930	47,900

Code No.	Location	Total enrollment capacity*	Area of new construction (approx. gross sq. ft.)
<i>(2 a) Extensions to secondary schools</i>			
201	Isoka	930	29,800
202	Mungwi	930	26,100
203	Chinsali	930	33,400
204	Kasama	930	23,800
205	Mbala	1,120	3,900
206	Mporokoso	1,120	3,900
207	Luwingu	1,120	3,900
208	Chipepo	735	29,400
209	Livingstone	930	16,700
210	Hillcrest	1,070	47,300
211	Kalomo	1,120	3,900
212	Namwala	1,120	3,900
213	Monze	735	15,100
214	Chadiza	1,120	3,900
215	Chizongwe	735	21,200
216	Lundazi	1,120	3,900
217	Petauke	1,120	3,900
218	Masala	1,015	19,800
219	Chifubu	930	16,700
220	Kansenji	1,120	7,700
221	Chiwala	930	15,800
222	Luanshya (Boys)	1,120	19,700
223	Mpatamatu	930	19,400
224	Roan Antelope	930	13,400
225	Luanshya	930	21,500
226	Kitwe (Boys)	1,120	13,200
227	Kitwe (Girls)	1,015	13,000
228	Chamboli	930	16,700
229	Mukuba	735	13,400
230	Mindolo	620	13,400
231	Mufulira	1,240	12,600
232	Kantanshi	1,120	21,100
233	Chingola	1,240	8,400
234	Chikola	1,120	21,700
235	Kalulushi	1,120	25,500
236	Chililabombwe	1,120	25,500
237	Kalabo	1,120	3,900
238	Mankoya	1,120	3,900
239	Kambule	810	23,300
240	Senanga	1,120	3,900
241	Sesheke	1,120	3,900
242	Kawambwa	735	25,700
243	Mbereshi	810	26,100

Code No.	Location	Total enrollment capacity*	Area of new construction (approx. gross sq. ft.)
(2 a) Extension to secondary schools (continued.)			
244	Mwense	930	36,400
245	Nchelenge	1,120	3,900
246	Samfya	1,120	3,900
247	Balovale	1,120	3,900
248	Mwinilunga	1,120	3,900
249	Solwezi	735	21,900
250	Serenje	930	18,500
251	Mumbwa	1,120	3,900
252	Mkushi	1,120	3,900
253	Libala	930	17,700
254	Kabulonga	1,120	3,900
255	Kamwala	1,120	16,700
256	Munali	1,015	22,400
(2 b) Extensions to primary teacher training colleges			
401	Kitwe	525	51,100
402	Chalimbana, Nistcol.	300	24,800
(2 c) Extensions to higher teacher training colleges			
501	Kabwe	450	34,800
502	Kitwe	300	44,900
(2 d) Extension to the Northern Technical College			
601	Ndola	660	63,400

* For the institutions to be extended, the capacity indicated is the total for the extended facility.

SCHEDULE 4

PROCUREMENT PROCEDURES

1. Civil works under the Project will be grouped to form economic bid packages whenever practicable, and will be phased in such a way that a continuous flow of work throughout the implementation period is assured in each geographical region. The timetable and grouping of contracts relating to Category I or II of Schedule 1 (hereinafter called civil works contracts) should be according to this phasing. Notwithstanding Section 3.02, civil works contracts in an amount of less than \$140,000 equivalent may be awarded on the basis of domestic competitive bidding in Zambia.

2. The award of contracts for procuring furniture and equipment (including books) (hereinafter called furniture and equipment contracts) shall be arranged and

phased in accordance with sound procurement practices and to permit bulk purchases whenever possible.

3. Prior to inviting bids, the Borrower shall obtain the Bank's approval :

- (a) with respect to the civil works contracts :
 - (i) for a complete list of such contracts, including the estimated value of each, an indication of their grouping and a timetable for their award ;
 - (ii) for a list of pre-qualified contractors, including the pre-qualification documents, a description of pre-qualification procedures and recommendations for pre-qualification ;
- (b) with respect to the furniture and equipment contracts :
 - (i) for lists of all items of furniture and instructional equipment required for the Project, including the specifications and estimated unit and total prices of each item (c.i.f. Lusaka), each item to be coded and numbered for identification of the school and type of space for which the item is required ;
 - (ii) for a schedule showing the approximate time of procurement of major groups of items ;
- (c) for the bid invitation documents, with descriptions of the tendering procedures (including the advertising coverage) ; and
- (d) for the proposed contract documents, which should include provision for the admission of skilled personnel.

4. After bids have been received, the Borrower shall promptly send to the Bank a summary and analysis of these, together with recommendations for awards and a justification for any award proposed to be made to other than the lowest bidder. Before an award is made that :

- (a) involves an amount of **\$140,000** equivalent or more for a civil works contract or **\$25,000** equivalent or more for a furniture and equipment contract ; or
 - (b) is for an amount above the lowest bid received ; or
 - (c) is for an amount exceeding by 10 % or more the estimated value or price approved pursuant to paragraph 3 (a) (i) or 3 (b) (i) above,
- the Borrower shall ascertain from the Bank whether such a contract will be acceptable for financing out of the proceeds of the Loan.

5. As soon as possible after the execution of any contract and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of the contract, the Borrower shall send a certified copy thereof to the Bank.

6. Without the Bank's prior approval no contract shall be changed so as to increase the price either 5 % or more, or for a civil works contract by **\$10,000** equivalent or more, above that originally specified.

SCHEDULE 5

THE PROJECT UNIT

1. The Project Unit shall be responsible, and have the necessary powers, for the execution of the Project, including, *inter alia* :

- (a) The selection, briefing, coordination and supervision of the firms of architects, engineers and quantity surveyors provided for in Section 5.01 (c) (i);
- (b) The selection of the clerks of works provided for in Section 5.01 (c) (ii);
- (c) The approval of the design of the educational institutions included in the Project;
- (d) The preparation of detailed price lists of the furniture and instructional equipment to be procured for the Project;
- (e) The supervision of the preparation of bidding documents for all construction work and for the procurement of furniture and instructional equipment; the analysis of bids and, where required by Schedule 4, the making of recommendations regarding the award of contracts;
- (f) The coordination of the Project with the Ministry responsible for works;
- (g) The regular inspection of all construction work; and
- (h) The keeping of records, including financial records, of the execution of the Project; and the preparation of regular reports to the Bank.

2. The Project Unit shall consist of :

- (a) A full-time Project Director acceptable to the Bank, who is to be the Unit's legal representative and have overall responsibility for the direction and coordination of its work;
- (b) A full-time Project Architect acceptable to the Bank, who is to be particularly responsible for the direction and supervision, through the firms provided for in Section 5.01 (c) (i), of all construction work and for liaison with the Ministry responsible for works and with other official agencies having jurisdiction over such work;
- (c) Technical, accounting, administrative and secretarial staff, as may be required for the carrying out of the Unit's responsibilities.

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.]