

No. 12017

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

Loan Agreement—*Second Education Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 5 April 1972

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 26 September 1972.

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

Contrat d'emprunt — *Deuxième projet relatif à l'enseignement* (avec annexes et Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 5 avril 1972

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 septembre 1972.

LOAN AGREEMENT¹

AGREEMENT, dated April 5, 1972, between MALAYSIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof and to the amendment of Section 6.02 (i) thereof to read as follows: "Any event specified in paragraph (e) or (f) of Section 7.01 shall have occurred." (Said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions.)

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

(a) "Project Unit" means the Project Unit established by the Borrower in its Ministry of Education for the purposes of the Loan Agreement (*Education Project*) No. 599-MA dated May 23, 1969 between the Borrower and the Bank, as more specifically described in Schedule 5 hereto, said Schedule being subject to modification by agreement between the Borrower and the Bank; and

(b) "Maintenance and Development Unit" means the Maintenance and Development Unit existing at the date of this Agreement in the University at Pulau Pinang.

¹ Came into force on 7 July 1972, upon notification by the Bank to the Government of Malaysia.

² See p. 202 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million five hundred thousand dollars (\$15,500,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Bank shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Loan, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Borrower and the Bank.

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 seven and one-quarter per cent ($7\frac{1}{4}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 1 and August 1 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 3 to this Agreement.

Section 2.09. 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 VIII of the General Conditions.

Section 2.10. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project through the Project Unit with due diligence and efficiency and in conformity with sound administrative, engineering and educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. The Borrower shall carry out the Project through the plans, specifications and bidding documents for and in the supervision of construction of Parts 2 and 4 of the Project, the Borrower shall employ or cause to be employed architectural and engineering consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.03. In carrying out the Project, the Borrower shall employ contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank.

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

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

Section 3.05. (a) The Borrower shall furnish to the Bank for its concurrence, promptly upon their preparation, all sketch plans and specifications related to the construction work in the Project, all lists of equipment and furniture and the specifications relating thereto, the contract docu-

ments and construction and procurement schedules for the Project, and any material modifications thereof and additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.06. (a) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall (i) not later than six months after the date of this Agreement, select suitable sites for the schools at Kuala Trengganu, Temerloh, Miri and Sibul; and (ii) promptly inform the Bank of the sites selected.

(b) Before the dates specified in the construction schedules for the Project, the Borrower shall take or cause to be taken all such action as shall be necessary to acquire all such land and rights in respect of land as shall be required for the construction and operation of the facilities included in the Project and shall furnish to the Bank, promptly after such acquisition, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.

Article IV

OTHER COVENANTS

Section 4.01. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Borrower to the Bank, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of any

such lien express provision will be made to that effect. The Borrower shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(d) As used in this Section, the term "governmental assets" means (i) assets of the Borrower; (ii) assets of any statutory authority of the Borrower, including assets of any State or political subdivision of the Borrower; (iii) assets of any agency of the Borrower, including the Bank Negara Malaysia or any other institution performing the functions of a central bank for the Borrower; and (iv) any right, interest or share of the Borrower in the Currency Fund and Currency Surplus Fund administered under the Malaya British Borneo Currency Agreement, 1960.

Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall send to the Bank for its comments, not later than six months after the date of this Agreement, the Borrower's five-year plan for the operation of the Educational Development Center included in the Project, such plan to include staff development proposals and details of technical assistance requirements and sources of supply.

Section 4.04. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall appoint, or cause to be appointed, not later than January 1, 1973 a qualified and full-time educational mass-media officer to each State Audio-visual Aids Center.

Section 4.05. The Borrower shall, with respect to the Project, include or cause to be included in the membership of a board established to exercise functions specified in the Borrower's Education Act of 1961 in relation to any vocational school, representatives of employers in the locality of such school.

Section 4.06. The Maintenance and Development Unit shall have the responsibilities, organization and staffing set forth in Schedule 6 hereto,

said Schedule being subject to modification by agreement between the Borrower and the Bank.

Section 4.07. The Borrower shall (i) adequately maintain or cause to be maintained the buildings, furniture and equipment of the educational institutions included in the Project and make or cause to be made all necessary repairs and renewals thereof in accordance with sound technical and administrative practices; and (ii) provide or cause to be provided promptly as needed the funds, facilities, services and other resources required to carry out such maintenance, repairs and renewals.

Section 4.08. The Borrower shall send to the Bank promptly after the date of this Agreement a plan satisfactory to the Bank regarding the maintenance and repair of television receivers to be financed under the Project.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Bank shall cooperate fully to assure 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:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition, 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, and other matters relating to the purposes of the Loan; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the operations and financial condition, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Bank shall promptly inform each other 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 either of them of its obligations under the Loan Agreement.

Section 5.03. 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.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. 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; provided, however, that the foregoing 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 6.02. The Loan Agreement, any instrument made pursuant to Section 4.01 of this Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories and the Borrower shall pay all such taxes, if any, imposed under the laws of any other country or countries.

Section 6.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE BANK

Section 7.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable

immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Article VIII

TERMINATION

Section 8.01. The date July 7, 1972 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

The Treasury
Kuala Lumpur
Malaysia

Cable address:

Treasury
Kuala Lumpur

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.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Malaysia:

By TAN SRI ONG YOKE LIN
Authorized Representative

International Bank for Reconstruction and Development:

By M. SHOAIB
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Civil Works	3,720,000	30% of total expenditures (representing the estimated foreign exchange component)
II. Consultants' services	300,000	30% of total expenditures (representing the estimated foreign exchange component)
III. Equipment and furniture	8,460,000	
(a) directly imported		100% of foreign expenditures
(b) manufactured locally (ex-factory price)		100% of local expenditures
(c) imported and procured locally		70% of total expenditures
IV. Unallocated	<u>3,020,000</u>	
TOTAL	<u><u>15,500,000</u></u>	

2. For the purposes of this Schedule:

(a) The term “foreign expenditures” means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower;

(b) The term “local expenditures” means expenditures in the currency of the Borrower, or for goods produced in, or services supplied from the territories of the Borrower; and

(c) The term “total expenditures” means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Category II on account of expenditures made after January 1, 1972 in an aggregate amount not exceeding the equivalent of \$30,000;
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Loan will be withdrawn on account of payments for such taxes; and
- (c) expenditures relating to educational television until the Borrower has carried out its obligations under Section 4.08 of this Agreement.

4. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures; and
- (c) if the Bank shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as

in the Bank's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I, II or III shall increase and no proceeds of the Loan are available for reallocation to such Category, the Bank may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is designed to promote the Borrower's educational objectives and consists of the construction, furnishing and equipment of the following:

- Parts:*
1. Educational Development Center;
 2. Educational television;
 3. One secondary technical school and seven secondary vocational schools; and
 4. The Science schools of the University at Pulau Pinang.

The planned capacities and the approximate areas of the physical facilities of the Project are set forth in the Annex to this Schedule, said Annex being subject to modification by agreement between the Borrower and the Bank.

The Project is expected to be completed by June 30, 1977.

ANNEX

PHYSICAL FACILITIES OF THE PROJECT

Unless otherwise agreed between the Borrower and the Bank, the facilities provided in the institutions included in the Project shall be as follows:

	<i>Student Places</i>	<i>Boarding Places</i>	<i>Housing Units</i>	<i>Approximate gross areas of construction (sq. ft.)</i>
<i>In West Malaysia</i>				
1. Educational Development Center	160	120	—	74,000
2. Educational television	—	—	—	16,500

	<i>Student Places</i>	<i>Boarding Places</i>	<i>Housing Units</i>	<i>Approximate gross areas of construction (sq. ft.)</i>
3. Secondary vocational schools				
3-A Perak-Taiping	720	540	5	131,000
3-B Johore-Kluang	720	540	5	131,000
3-C Selangor-Klang	720	540	5	131,000
3-D Pahang-Temerloh	720	540	5	131,000
Secondary technical school				
3-H Trengganu-Kuala Trengganu	640	480	5	93,000
4. University at Pulau Pinang				
4-A School of Physics and Mathematics	1,100	—	—	103,500
4-B School of Chemical Sciences	800	—	—	120,500
4-C School of Biological Sciences	400	120	—	135,500
4-D School of Applied Sciences	250	—	—	48,000
4-E School of Pharmaceutical Sciences	90	—	—	18,500
4-F Lecture Theaters	—	—	—	50,500
4-G Computer Center and Central facilities	—	—	—	26,500
4-H Library	—	—	—	125,500
4-I Auditorium	—	—	—	37,500
4-J Residential College	—	500	16	133,500
<i>In Sabah</i>				
3. Secondary vocational school				
3-A Sabah-Tawau	400	300	13	93,000
<i>In Sarawak</i>				
3-E Sarawak-Sibu	480	180	5	71,000
3-F Sarawak-Miri	300	180	5	62,500

SCHEDULE 3

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)^a</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)^a</i>
August 1, 1977	180,000	February 1, 1984	285,000
February 1, 1978	185,000	August 1, 1984	295,000
August 1, 1978	190,000	February 1, 1985	305,000
February 1, 1979	200,000	August 1, 1985	315,000
August 1, 1979	205,000	February 1, 1986	325,000
February 1, 1980	215,000	August 1, 1986	340,000
August 1, 1980	220,000	February 1, 1987	350,000
February 1, 1981	230,000	August 1, 1987	365,000
August 1, 1981	235,000	February 1, 1988	375,000
February 1, 1982	245,000	August 1, 1988	390,000
August 1, 1982	255,000	February 1, 1989	405,000
February 1, 1983	265,000	August 1, 1989	420,000
August 1, 1983	275,000	February 1, 1990	435,000

<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>
August 1, 1990	450,000	February 1, 1994	575,000
February 1, 1991	465,000	August 1, 1994	600,000
August 1, 1991	485,000	February 1, 1995	620,000
February 1, 1992	500,000	August 1, 1995	640,000
August 1, 1992	520,000	February 1, 1996	665,000
February 1, 1993	535,000	August 1, 1996	685,000
August 1, 1993	555,000	February 1, 1997	700,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	3 1/4%
More than three years but not more than six years before maturity	2 1/4%
More than six years but not more than eleven years before maturity	3%
More than eleven years but not more than sixteen years before maturity ..	4 1/2%
More than sixteen years but not more than twenty-one years before maturity .	5 3/4%
More than twenty-one years but not more than twenty-three years before maturity	6 3/4%
More than twenty-three years before maturity	7 1/4%

SCHEDULE 4

PROCUREMENT

Pursuant to Section 2.03 of this Agreement the following supplementary provisions shall apply to the procurement of the goods and services required for the Project.

A. *Contracts for Civil Works*

1. Contractors shall be prequalified in accordance with Section 1.3 of the Guidelines for Procurement referred to in said Section 2.03 (hereinafter called "the Guidelines for Procurement").

2. Before prequalification is invited, the Borrower shall forward to the Bank details of the procedure proposed, together with a draft of the prequalification

invitation notice, and shall introduce such modifications in the procedure as the Bank shall reasonably request.

3. Before bids are invited, the Borrower shall furnish to the Bank, for its comments:

- (a) the proposed tender list of prequalified contractors, together with an evaluation of their qualifications and an explanation for the exclusion of any applicant and shall make such additions to or deletions from the list as the Bank shall reasonably request;
- (b) a list of civil works contracts to be let, indicating the estimated value of each, the grouping proposed to encourage international competitive bidding and the forecast timetable for awards;
- (c) a description of the advertising procedure proposed for obtaining bids on an international competitive basis; and
- (d) draft of bid documents, invitations to bid and contracts.

The invitations to bid should state *inter alia* that the bidder may submit bids in respect of any one civil works item in a group, or in respect of all civil works items, or of any combination thereof, the bids therefor to be opened simultaneously, and that the Borrower shall have the option of awarding separate contracts for individual civil works items or any combination thereof, or one contract for all civil works items in a group.

4. After bids have been received and evaluated, and before a final decision on the award is made, the Borrower shall inform the Bank of the name of the bidder to whom it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report by the Project Unit on the evaluation and comparison of the bids received, together with the reasons for the intended award and justification for any recommended award to other than the lowest evaluated bidder. The Bank shall promptly inform the Borrower whether it has any objection to the intended award and shall state the reasons for any such objection it may have.

5. Promptly after a contract has been signed, and before submission to the Bank of the first application for withdrawal of funds in respect of such contract, two certified copies thereof shall be sent to the Bank.

6. The Borrower shall request the Bank's approval for any increase of more than ten per cent (10%) or \$50,000 equivalent, whichever is less, in the price of any contract and shall explain the reasons for the proposed change.

B. *Contracts for Furniture, Equipment and Books*

1. Before inviting bids, the Borrower shall subject to paragraph B.2 hereof send to the Bank for its approval:

- (a) lists of all items of furniture and equipment required for the Project, incorporating specifications and the estimated unit and total price for each item, indexing

and coding to identify educational institutions for which items are required, and indicating the grouping proposed to permit such bulk procurement as shall be consistent with sound technical and procurement practices;

- (b) a statement of the approximate number of books required for Part 4 of the Project and the cost thereof; and
- (c) a description of the advertising procedure proposed for obtaining bids on an international competitive basis, together with draft bid documents and draft contracts.

2. Modifications to the lists of items of furniture and equipment sent to the Bank under paragraph B.1 (a) hereof which do not exceed the equivalent of \$1,000 for any one item, or in the aggregate 10% of the total proceeds of the Loan allocated to furniture and equipment, and which are in accordance with sound educational practices, may be made without the prior approval of the Bank.

3. Financing out of the proceeds of the Loan will be limited to those items of furniture, equipment and books on the lists and statement sent to the Bank under paragraphs B.1 and B.2 above and, in the case of furniture and equipment, identified in contract documents by the same indexes, codes and numbers as in such lists.

4. After bids have been received and evaluated:

- (a) in any case where it is proposed to award a contract to other than the lowest evaluated bidder, or where a proposed award involves a difference in price of 10% or more from the original or modified estimate as shown pursuant to paragraph B.1 (a) or paragraph B.2 above, the Borrower shall obtain the Bank's comments before making an award, and to this end shall furnish the Bank, in sufficient time for its review, a summary and analysis of the bids received, together with justification (with due regard to conformity with specifications and to price) for the proposed award, and the Bank shall promptly inform the Borrower whether it has any objection to the intended award and shall state the reasons for any objection it may have; and
- (b) in all other cases the Borrower may defer submission of bid analyses and justification to the Bank until contracts have been awarded.

5. Promptly after a contract has been signed and before submission to the Bank of the first application for withdrawal of funds in respect of such contract, the Borrower shall send to the Bank:

- (a) a certificate signed by the Project Director confirming that the goods covered by the contract conform in quantity and specification to relevant items in the lists approved by the Bank under paragraph B.1 (a) or as modified pursuant to paragraph B.2 above;

(b) two certified copies of the contract awarded.

6. The Bank shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the Guidelines for Procurement or with the provisions of this Schedule, or if its terms and conditions shall, without the Bank's concurrence, materially differ from those on which bids were asked and in such event, no expenditures under such contract shall be financed out of the proceeds of the Loan.

7. In the evaluation of bids for furniture and equipment a preferential margin will be allowed to local manufacturers. The following rules shall be observed in comparing bids:

(a) The term "Local Bid" means a bid submitted by a manufacturer, established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Bank) in the territories of the Borrower; any other bid shall be deemed to be a Foreign Bid;

(b) The bid price under a Local Bid shall be the sum of the following amounts:

- (i) the ex-factory price of such goods; and
- (ii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

(c) For the purpose of comparing any Foreign Bid with any Local Bid the bid price under a Foreign Bid shall be the sum of the following amounts:

- (i) the c.i.f. landed price of such goods net of any taxes on their importation;
- (ii) any such taxes, as generally apply to such goods if imported into the territories of the Borrower by non-exempt importers, or 15% of the amount specified in (i) above, whichever shall be lower; and
- (iii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

SCHEDULE 5

THE PROJECT UNIT

1. Except as provided in Schedule 6 hereto, the Project Unit shall be responsible for the financial and administrative control of the Project and its proper execution, including *inter alia*:

- (a) selection, briefing and coordination of consulting architects and engineers required under the Project, including the establishment of their terms of reference and administration of their agreements;
- (b) the design of buildings in accordance with the working papers and the preparation of construction drawings and contract documents;

- (c) the preparation of master lists of furniture and instructional equipment;
- (d) all necessary steps for international competitive bidding for construction and for furniture and instructional equipment, and the subsequent evaluation of bids;
- (e) the over-all supervision of construction and procurement and installation procedures for furniture and instructional equipment;
- (f) coordination with ministries and other government agencies concerned with the Project;
- (g) liaison with the Bank;
- (h) the maintenance of records and the furnishing of information under Section 5.01 of this Agreement during the carrying out of the Project;
- (i) the preparation of applications for withdrawals from the Loan Account;
- (j) the preparation of a comprehensive schedule for setting down the planned timetable of coordinated activities and responsibilities on which the carrying out of the Project will be based; and
- (k) the evaluation of progress made in implementing the Project and preparation of progress reports to the Bank.

2. The Project Unit shall be staffed with: (i) a Project Director, on a full-time basis; (ii) an architect; and (iii) a procurement officer. The Bank shall be afforded an adequate opportunity to comment on the experience and qualifications of any new appointment to the post of Project Director before such appointment is effected. The Project Unit shall be also provided with all necessary technical and supporting personnel, including an accountant, to carry out the Project.

SCHEDULE 6

THE MAINTENANCE AND DEVELOPMENT UNIT

1. The Maintenance and Development Unit acting in cooperation with the Project Unit shall be responsible for the over-all supervision of the implementation of Part 4 of the Project and for the proper execution of said Part, including *inter alia*:

- (a) liaison and coordination with the campus planner;
- (b) briefing and coordination of architects and engineers appointed to develop the master plan;
- (c) the design of buildings in accordance with the master plan and the preparation of construction drawings and contract documents;
- (d) the preparation of master lists of furniture and instructional equipment;
- (e) the over-all supervision of construction and installation procedures for furniture and instructional equipment;

- (f) liaison with the Bank through the Project Unit; and
- (g) the maintenance of records and the furnishing of information under Section 5.01 of this Agreement during the carrying out of the Project.

2. The Maintenance and Development Unit shall include an architect or engineer and a procurement officer supported by the necessary technical and related personnel. The Bank shall be afforded an opportunity to comment on the experience and qualifications of any new appointment to the posts of architect or engineer and procurement officer prior to such appointment.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]
