



LOAN NUMBER 3902 VE

Loan Agreement

(Inparques Project)

between

REPUBLIC OF VENEZUELA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *October 12, 1995*

LOAN NUMBER 3902 VE

LOAN AGREEMENT

AGREEMENT, dated *October 12*, 199⁵, between REPUBLIC OF VENEZUELA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

(B) The Project will be carried out by Instituto Nacional de Parques (INPARQUES) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to INPARQUES the proceeds of the Loan as provided in this Agreement;

WHEREAS the Borrower hereby represents to the Bank that the execution of this Agreement has been duly authorized by the Borrower's Law "Ley que Autoriza al Ejecutivo Nacional para la Contratación y Ejecución de Operaciones de Crédito Público Durante el Ejercicio Fiscal 1995" published in the Borrower's Official Gazette, Extraordinary Issue No. 4831 dated December 29, 1994;

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and INPARQUES;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purposes of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

(c) In Section 6.02, subparagraph (k) is relettered as subparagraph (l) and a new subparagraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

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

(a) "Annual Operating Plan" means any of the annual operating plans (planes operativos anuales) referred to in Section 2.05 (b) of the Project Agreement and which plan has been approved by the Bank, as such plans may be revised from time to time by agreement between the Bank and INPARQUES;

(b) "Charter" means the Borrower's Ley del Instituto Nacional de Parques dated July 3, 1978 and published in the Borrower's Official Gazette extraordinary issue 2290 dated July 21, 1978 and any other legal norms, including laws, decrees, resolutions and bylaws, related to INPARQUES and its operations;

(c) "Central Bank" means the Borrower's Banco Central.

(d) "Decentralization and Administrative Reform Plan" means the plan of actions and timetable therefor, satisfactory to the Bank, to decentralize technical and administrative functions within INPARQUES, as such plan of action is set forth in the document entitled "Plan de Descentralización y de Reforma Administrativa de INPARQUES", dated October, 1993 and attached to the letter from INPARQUES to the Bank dated February 10, 1995;

(e) "FAC" means the Borrower's Fuerzas Armadas de Cooperación;

(f) "FAC Agreement" means the agreement, dated December 10, 1993 entered into between INPARQUES and the Borrower, through FAC, providing, inter alia, for the arrangements concerning the protection of national parks and natural monuments included under Part A of the Project;

(g) "Financial Plan" means the plan of actions and timetable therefor, satisfactory to the Bank, to ensure INPARQUES' financial sustainability, as such plan of action is attached to the letter from INPARQUES to the Bank dated April 24, 1995;

(h) "Fiscal Year" means the Borrower's fiscal year commencing on January 1 and ending on December 31;

(i) "INPARQUES" means the Borrower's Instituto Nacional de Parques, National Institute of Parks, created by the Borrower's Ley del Instituto Nacional de Parques, National Institute of Parks Law, dated July 3, 1978 and published in the Borrower's Official Gazette extraordinary issue 2290 dated July 21, 1978 as such law is amended from time to time;

(j) "Legislation" means the Borrower's Ley Orgánica del Ambiente, dated June 7, 1976 and published in the Borrower's Official Gazette issue 31.004 dated June 16, 1976; Ley Orgánica para la Ordenación del Territorio, dated August 11, 1983 and published in the Borrower's Official Gazette extraordinary issue 3238 dated August 11, 1983, and any other laws and regulations, including leyes, decretos, resoluciones, related to the Borrower's environmental sector;

(k) "MARNR" means the Borrower's Ministerio del Ambiente y de los Recursos Naturales Renovables, the Ministry of Environment and Renovables Natural Resources;

(l) "Participation Agreements" means collectively the PROFAUNA Agreement, SADA-AMAZONAS Agreement and the FAC Agreement; and "Participation Agreement" means any one of the referred agreements;

(m) "PROFAUNA" means MARNR's Servicio Autónomo para la Protección, Restauración, Fomento y Racional Aprovechamiento de la Fauna Silvestre y Acuática del País, Autonomous Department for the Protection, Restoration, Development and Rational Utilization of the Wild and Aquatic Fauna, created by the Borrower's Decreto 277, dated June 7, 1989 and published in the Borrower's Official Gazette extraordinary issue 4106 dated June 9, 1989;

(n) "PROFAUNA Agreement" means the agreement satisfactory to the Bank, to be entered into between INPARQUES and MARNR, pursuant to paragraph 3 (c) of Schedule 1 to this Agreement, providing for the participation and assistance of MARNR, through PROFAUNA, in the execution of Parts A.3, B.6 and Part C of the Project;

(o) "Project Agreement" means the agreement between the Bank and INPARQUES of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(p) "PCU" means the administrative unit established within INPARQUES pursuant to the letter from INPARQUES to the bank dated February 10, 1995, and which unit shall be in charge of the overall coordination of the execution of the Project;

(q) "Regional Offices" means the regional offices (oficinas regionales) of INPARQUES and "Regional Office" means any one of the referred offices;

(r) "SADA-AMAZONAS" means MARNR's Servicio Autónomo para el Desarrollo Ambiental del Estado de Amazonas, Autonomous Department for the Environmental Development of the State of Amazon, created by the Borrower's Decreto No. 272 dated June 7, 1989, and published in the Borrower's Official Gazette extraordinary issue 4106 dated June 9, 1989;

(s) "SADA-AMAZONAS Agreement" means the agreement satisfactory to the Bank, to be entered into between INPARQUES and MARNR pursuant to paragraph 3 (d) of Schedule 1 to this Agreement, providing for the responsibilities of MARNR, through SADA-AMAZONAS, in the execution of Part B.4 of the Project;

(t) "Selected Monuments" means the monuments agreed between INPARQUES and the Bank as set forth in the letter from INPARQUES to the Bank of even date herewith;

(u) "Selected National Parks" means the national parks agreed between INPARQUES and the Bank as set forth in the letter from INPARQUES to the Bank of even date herewith;

(v) "Selected Urban Recreational Parks" means the urban recreational parks agreed between INPARQUES and the Bank as set forth in the letter from INPARQUES to the Bank of even date herewith;

(w) "Selected Wildlife Refuges" means the wildlife refuges agreed between INPARQUES and the Bank as set forth in the letter from INPARQUES to the Bank of even date herewith;

(x) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of fifty five million dollars (\$55,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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 for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in the Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 of this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

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

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in

Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. The President of INPARQUES is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause INPARQUES to perform in accordance with the provisions of the Project Agreement all the obligations of INPARQUES therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable INPARQUES to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation to the provisions in paragraph (a) above, the Borrower shall make the proceeds of the Loan available to INPARQUES, on a timely basis, as budgetary allocations.

(c) Without limitation or restriction upon paragraph (a) above, the Borrower shall, through PROFAUNA, SADA-AMAZONAS and FAC, assist INPARQUES in the execution of Parts A.3, B.6 and C; B.4; and A of the Project, respectively.

(d) The Borrower shall, through PROFAUNA, SADA-AMAZONAS and FAC, duly perform all its obligations under the Participation Agreements. Except as the Bank shall otherwise agree, the Borrower shall not amend, abrogate, waive or fail to enforce the Participation Agreements or any part thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by INPARQUES.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with sound accounting practices, records and accounts reflecting such expenditures;
 - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made,
 - (iii) enable the Bank's representatives to examine such records.
- (b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) (i) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

ARTICLE V

Remedies of the Bank

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

(a) INPARQUES shall have failed to perform any of its obligations under the Project Agreement.

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

(c) The Charter or the Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the operations or the financial condition of INPARQUES or the ability of INPARQUES to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of INPARQUES or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower; and

(b) The events specified in paragraph (c) and (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Project Agreement has been duly authorized or ratified by INPARQUES, and is legally binding upon INPARQUES in accordance with its terms.

Section 6.02. The date January 10, 1996 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.08 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministerio de Hacienda
Dirección General
Sectorial de Finanzas Públicas
Edificio Norte, Piso 5
Centro Simón Bolívar
Caracas 1010, Venezuela

Telex:

24215 HDACP

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

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

REPUBLIC OF VENEZUELA

151 Luis Raul Matos Azocar

By

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

151 Shahid Javed Burki

By

Regional Vice President
Latin America and the Caribbean

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 expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works	31,500,000	65%
(2) Goods	11,500,000	100% of foreign expenditures and 65% of local expenditures
(3) Consultants' services including training and studies	8,500,000	100%
(4) Operating expenditures	500,000	100% until withdrawals under this category shall have reached an aggregate amount of \$150,000; thereafter 75% until withdrawals under this category shall have reached an aggregate amount of \$300,000, and thereafter 50%.

(5) Unallocated	3,000,000
	<hr/>
TOTAL	<u>55,000,000</u>

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "Operating expenditures" means salaries of PCU staff, office supplies and publications for the PCU and travel expenditures of the PCU staff in connection with the supervision of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$5,000,000, may be made in respect of Categories (1), (2) and (3) on account of payments made for expenditures before that date but after January 1, 1993; and (b) payments made for expenditures in respect of the Project unless such expenditures are included in an Annual Operating Plan; (c) payments made for expenditures under Parts A.3, B.6 and C of the Project unless the PROFAUNA Agreement has been duly executed, and (d) payments made for expenditures under Part B.4 of the Project unless the SADA-AMAZONAS Agreement has been duly executed.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditures under contracts not exceeding the equivalent of: (i) \$500,000 for works; (ii) \$200,000 for goods; (iii) \$100,000 for services of consultant firms; and (iv) \$30,000 for services of individual consultants, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (a) strengthening the management of national and urban parks, natural monuments and wildlife refuges and reserves; (b) intensifying public environmental research, training and education efforts; and (c) improving the economic sustainability of the national parks and other protected areas.

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

Part A: Strengthening of Parks Management and Protection

1. Strengthening of the management and protection of the Selected National Parks and Selected Monuments through means, inter alia, of: (a) the construction of basic facilities for: (i) park administration and protection such as warehouses, residential facilities, boundary demarcation, inspection and control posts; (ii) environmental education and interpretation such as visitors' and interpretation centers, interpretative trails and signs and observation towers; (iii) tourism and recreation such as recreation area development, access road rehabilitation and kiosks; and (iv) regional offices; (b) the establishment of recreational areas; (c) the acquisition and utilization of vehicles and field and office equipment; (d) employment of incremental staff; and (e) an aerial surveillance and logistic's program in respect of the Selected National Parks and Selected Monuments in the State of Amazonas.
2. Strengthening of the management and protection of the Selected Urban Recreational Parks through means, inter alia, of: (a) the carrying out of engineering studies and the development and restoration of basic park infrastructure; (b) construction and equipping of visitors' and information centers; (c) the acquisition and utilization of equipment for the carrying out of education and recreational activities; and (d) employment of incremental staff.
3. Strengthening the management and protection of the Selected Wildlife Refuges through means of, inter alia: (a) infrastructure investments for administrative, management and educational activities; (b) the acquisition and utilization of equipment for administrative, research and field operations; and (c) employment of incremental staff for management and educational activities.

4. Strengthening of the management and protection of the Selected National Parks through means of, inter alia, the establishment of about nine principal camps and about eight auxiliary camps for fire protection, including the acquisition and utilization of equipment for fire prevention, and control and rescue operations; acquisition and utilization of vehicles for fire combat, the construction of administrative offices, residential quarters, and garage and storage facilities; and the employment of instructors and fire combat personnel.

Part B: Environmental Research

Strengthening environmental research efforts to increase the availability of natural and social science information for effective management of national parks, natural monuments and wildlife refuges in Venezuela, through means of, inter alia:

1. The construction and operation of five stations to support research activities in the Selected National Parks.
2. Establishment of a database on current information on national parks; rapid ecological and social assessments in the Selected National Parks; and the production of thematic maps and of geographic data bases for the Selected National Parks.
3. Studies on: (i) environmental matters in national parks management such as the impact of tourism and slash and burn agriculture; (ii) topics related to the livelihood of local communities residing within or around national parks and their impact on such parks; (iii) the local and international value of the environmental services provided by parks and protected areas; and (iv) policy instruments for capturing the economic value of protected areas and for generating revenues to finance parks management.
4. Studies for the preparation of management plans and on socio-environmental matters related to the Selected National Parks and the Selected Monuments in the State of Amazonas.
5. Monitoring of physical and biological processes including water quality and other related studies in the Selected National Parks.
6. Studies on wildlife population and management programs in the Selected Wildlife Refuges.

Part C: Environmental Education

Expansion and establishment of educational activities in urban recreational parks, national parks and wildlife refuges to strengthen INPARQUES' decentralization program, and increase the involvement of local community groups, non-governmental organizations (NGOs) and educational associations, through means, inter alia, of acquisition and utilization of educational and planning equipment for INPARQUES' central office; infrastructure investment such as visitors centers, and information centers; carrying out of training programs; and employment of incremental staffing.

Part D: Institutional Development

Strengthening the institutional capabilities of INPARQUES through means of, inter alia:

1. Acquisition and utilization of office equipment and infrastructure construction to support the decentralization and administrative reforms of INPARQUES.
2. Rehabilitation of the Rancho Grande training center to serve as a training forum for INPARQUES' personnel.
3. Training activities of INPARQUES' personnel at all grades and levels in connection with the implementation of the Decentralization and Administrative Reform Plan.
4. Technical assistance in connection with INPARQUES' decentralization process and the establishment of modern and more efficient management and control systems, environmental research, public environmental education and promotion of community participation in park management and carrying out of studies on: (i) management related areas such as administrative and financial procedures and cost recovery options for national and recreational parks; and (ii) other areas related to protected areas and natural resources as agreed between INPARQUES and the Bank.
5. Operation of the Project Unit.

* * *

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
On each April and October 15 beginning on October 15, 2000 through October 15, 2009	2,750,000
On April 15, 2010	2,750,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

<u>Time of Prepayment</u>	<u>Premium</u>
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$250,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount equivalent to \$11,900,000, and civil works estimated to cost the equivalent of \$1,500,000 or less per contract, up to an aggregate amount equivalent to \$43,000,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the guidelines.

2. International or National Shopping

Goods estimated to cost \$50,000 equivalent or less per contract and \$1,700,000 equivalent or less in the aggregate may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement for Small Works

Works (including repair to existing facilities and installation of equipment), estimated to cost \$250,000 equivalent or less per contract, and not to exceed \$5,900,000 in the aggregate, shall be procured under lumpsum, fixed price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to successfully complete the contract.

Part D: Review by the Bank of Procurement Decisions

All procurement for goods, and works under Part C.1 of this Schedule shall take place on the basis of standard bidding documents satisfactory to the Bank.

1. Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods and works procured under the procedures referred to in Part B.1 of this Schedule; the first two contracts for goods and civil works procured under the procedures referred to in Part C.1 of this Schedule and each contract for goods estimated to cost the equivalent of \$200,000 or more and each contract for civil works estimated to cost the equivalent of \$500,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 [(the Consultant Guidelines)]. For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each; or (b) contracts for the employment of individual consultants estimated to cost less than \$30,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$30,000 equivalent or above.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:
 - (a) the term "eligible Categories" means Categories 1 through 4 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
 - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
 - (c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$3,000,000.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been dully opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
 - (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.
 - (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

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

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

- (d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

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

**INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

CERTIFICATE

I hereby certify that the foregoing is a true copy of
the original in the archives of the International Bank
for Reconstruction and Development.


FOR SECRETARY