

CONFORMED COPY

LOAN NUMBER 3153 TR

Loan Agreement

(Technical Assistance Project)

between

REPUBLIC OF TRINIDAD AND TOBAGO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 25, 1990

LOAN NUMBER 3153 TR

LOAN AGREEMENT

AGREEMENT, dated January 25, 1990, between REPUBLIC OF TRINIDAD AND TOBAGO (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS 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;

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;

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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this 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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "MOP AM" means the Borrower's Ministry of Planning and Mobilization;

(c) "RSU" means the Restructuring Support Unit established within the MOPAM;

(d) "SSU" means the Social Sectors Unit, established within

(e) "SOE" means state-owned enterprise which is established under the laws of the Borrower and which is wholly-owned or majority-owned by the Borrower;

(f) "SOE Divestment and Rationalization Programs" means the program to restructure, sell, transfer, liquidate, merge, lease or otherwise dispose of, wholly or partially, selected SOEs provided by the Borrower to the Bank on September 29, 1989;

(g) "SOEU" means the State-owned Enterprises Unit, established within the Borrower's Ministry of Finance by Cabinet decision, on November 16, 1989 to assist in the carrying out of the SOE Divestment and Rationalization Program;

(h) "TTEC" means the Trinidad and Tobago Electricity Commission of the Borrower, established by an Act of Parliament of the Borrower on January 1, 1946;

(i) "PSIP" means the Public Sector Investment Program of the Borrower; and

(j) "Structural Adjustment Loan Agreement" means the agreement of same date herewith between the Borrower and the Bank for Loan 3152-TR.

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 four million dollars (\$4,000,000), 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. (a) 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 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 shall, for the purposes of the Project, open and maintain in dollars a special account in its 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 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1994 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 10). 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 May 15 and November 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.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out, or cause to be carried out, Parts A and B of the Project through RSU and SSU, respectively, and with the assistance of its other ministries, departments and agencies, in accordance with terms of reference, satisfactory to the Bank, all with due diligence and efficiency and in conformity with appropriate management, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods 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 Borrower shall cause each of RSU and SSU:

(a) to submit quarterly reports to the Bank on the progress of Project implementation beginning on March 31, 1990; and

(b) to submit annual evaluation reports on the Project to the Bank no later than January 31 of each year for the preceding calendar year.

Section 3.04. The Borrower shall cause each of RSU and SSU to carry on their operations and conduct their affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in

adequate numbers.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with 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.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) 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; 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.

(c) 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 paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, 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 was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains 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.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.02 (c) of the General Conditions:

(a) that the RSU and the SSU shall have been adequately staffed with their directors appointed and functioning and that the RSU and the SSU are fully operational;

(b) that a management consulting firm shall have been appointed to assist the Borrower in selecting and employing consultants for the purpose of carrying out the Project; and

(c) that all the conditions for the effectiveness of the Structural Adjustment Loan Agreement shall have been met.

Section 5.02 The date April 25, 1990 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01 The Minister responsible for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Permanent Secretary
Ministry of Finance
Port-of-Spain
Trinidad

Telex

22450

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.

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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 TRINIDAD AND TOBAGO

By /s/ Selby Wilson
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ping Cheung Loh
Acting Vice President 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:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent	% of Expenditures to be Financed
(1) Consultants' services, training and studies under Part A of the Project	2,300,000	100%
(2) Goods under Part A of the Project	430,000	100% of foreign expenditures and 100% of local expenditures (ex-factory cost) and 100% of local expenditures for other items procured locally
(3) Consultants' services, training and studies under Part B of the Project	800,000	100%

(4) Goods under Part B of the Project	100,000	100% of foreign expenditures and 100% of local expenditures (ex-factory cost) and 100% of local ex- penditures for other items procured locally
(5) Unallocated	370,000	
TOTAL	4,000,000	

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.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$100,000 may be made on account of payments made for such expenditures before that date but after November 1, 1989.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower:

(a) in the implementation of its medium term adjustment program; (b) in the strengthening of social sector policies and programs, including the design and preparation of programs to alleviate the social costs of adjustment; and (c) in the preparation of related adjustment programs and other operations.

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: Economic Restructuring Program

1. Assisting RSU in coordinating and implementing the Borrower's medium-term adjustment program, including preparation of related operations.

2. Assisting SOEU in: (a) implementing the SOE Divestment and Rationalization Program through the services of, inter alia, auditors, financial analysts, valuers, lawyers and investment experts; and (b) carrying out studies for the purpose of preparing related SOE and private sector development operations.

3. Carrying out a management and operational audit of TTEC and assisting in the preparation and implementation of an action plan to improve: (a) financial self-sufficiency and management; (b) administrative efficiency; (c) operational efficiency; (d) the system of investment programming; and (e) rate-making capacity.

4. Training of selected staff of TTEC including field visits overseas.

5. Strengthening the investment project preparation capability of MOPAM within the context of the PSlP and assisting in preparing projects well linked to sector strategies.

6. Carrying out studies for the purpose of preparing trade and finance and industrial restructuring operations.

7. Assisting in the preparation of plans of action to carry out trade reforms by, inter alia, carrying out the following:

(a) a study of the Borrower's trade and related policies, including of the impact on domestic industries of removing licensing requirements for imports and of the practical significance of existing exemptions from import charges on the Borrower's competitiveness in regional markets;

(b) a study to estimate the direct and indirect content of indirect taxes in domestic exports and to assess the need to introduce a system of indirect tax rebate for exporters and formulate such a system, if warranted;

(c) implementing a system for strengthening the administration of the Borrower's trade regime, including anti dumping arrangements; and

(d) training of personnel and acquisition and utilization of equipment to support the implementation of an improved system of customs administration.

8. Carrying out a review of relevant petroleum legislation and regulations affecting the concessionary and other system of contracts, royalty payments, and petroleum taxation to assess the Borrower's competitiveness for encouraging increased private sector investment in the petroleum industry and making recommendations for improvement, where necessary.

9. Acquisition and utilization of office equipment, including computers and software for purposes of this part of the Project.

10. Carrying out additional studies, training, technical assistance and equipment acquisition and utilization, acceptable to the Bank, as may be required to foster the objectives of the Project.

Part B: Social Sector Program

1. Assisting SSU to support the Borrower's efforts to strengthen social policies and programs, and to mitigate the social costs of the medium-term adjustment program.

2. Carrying out the following activities:

(a) review public expenditures on the social sectors to improve the targeting and effectiveness of

existing social services and the provision of a desirable minimum level of services, especially to the poor and vulnerable groups;

(b) prepare an operation to strengthen, inter alia, the employment prospects of unemployed youth, particularly in concert with small business development and youth insertion programs;

(c) formulate a system to generate information to assist the Borrower in assessing programs designed to protect the poor and vulnerable groups on an ongoing basis;

(d) develop a framework including a financing plan, for further development of the social security system; and

(e) prepare action plans and initiate actions taking into account the results of the aforementioned.

3. Acquisition and utilization of office equipment, including computers and software for purposes of this part of the Project.

4. Carrying out additional studies, training, technical assistance and equipment acquisition and utilization, acceptable to the Bank, as may be required to foster the objectives of the Project.

* * * *

The Project is expected to be completed by December 31, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each May 15 and November 15 beginning on May 15, 1995 and ending on November 15, 2004	200,000

* 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:

Time of Prepayment	Premium
	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 eleven years before maturity	0.73
More than eleven years but not more than thirteen years before maturity	0.87
More than thirteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Other Procurement Procedures

1. Goods estimated to cost the equivalent of \$20,000 or more per contract, but less than the equivalent of \$200,000 per contract may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost the equivalent of less than \$20,000 per contract may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least two suppliers eligible under the Guidelines and in accordance with procedures acceptable to the Bank.

3. To the extent practicable, contracts for computer equipment shall be grouped in bid packages estimated to cost the equivalent of \$20,000 or more each.

Part C: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract awarded under Part A above and, the first two contracts and each subsequent contract estimated to cost the equivalent of \$100,000 or more awarded under Part B (1) above, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis 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.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1, 2, 3 and 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: n .1

(c) the term "Authorized Allocation" means an amount equivalent to \$400,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 duly 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 made 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) 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 for the Project 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.

