

CONFORMED COPY

CREDIT NUMBER 2289 ANG

(Infrastructure Rehabilitation Engineering Project)

between

PEOPLE'S REPUBLIC OF ANGOLA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 26, 1991

CREDIT NUMBER 2289 ANG

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 26, 1991 between PEOPLE'S REPUBLIC OF ANGOLA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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 Association to assist in the financing of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a development credit to the Borrower on 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 Development Credit Agreements" of the Association, 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) "CFL" means Caminhos de Ferro de Luanda, the Luanda Railway Company of the Borrower, established pursuant to Despacho s/n dated March 15, 1980;

(b) "CFM" means Caminhos de Ferro de Mocamedes, the Mocamedes Railway Company of the Borrower, established pursuant to Despacho s/n dated March 15, 1980;

(c) "Implementation Agreements" means the agreements entered into among the Borrower's ministries, provincial governments and central and provincial agencies responsible for the implementation of the respective Parts of the Project, as set forth in Part C of Schedule 4 to this Agreement;

(d) "INEA" means Instituto de Estradas de Angola, the Angolan Highway Institute of the Ministry of Public Works and Urban Development, established by Decree No. 28/90, dated November 17, 1990;

(e) "MINOPU" means the Ministry of Public Works and Urban Development of the Borrower established by Law No. 2/91, dated February 23, 1991;

(f) "MINPLAN" means the Ministry of Planning of the Borrower established by Law No. 7/79, dated June 22, 1979;

(g) "MINTEC" means the Ministry of Transport and Communications of the Borrower established by Law No. 1/79, dated January 16, 1979;

(h) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated November 16, 1990, and January 29, 1991; and April 17, 1991, and June 7, 1991, between the Borrower and the Association; and

(i) "FY" or "fiscal year" means the Borrower's fiscal year which runs from January 1 to December 31.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-eight million three hundred thousand Special Drawing Rights (SDR 28,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the

date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 2001 and ending April 1, 2026. Each installment to and including the installment payable on April 1, 2011 shall be one and one-fourth percent ( $1-1/4\%$ ) of such principal amount, and each installment thereafter shall be two and one-half percent ( $2-1/2\%$ ) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 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, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall: (i) carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement; and (ii) shall take and cause to be taken all action to enable its ministries, provincial governments and central and provincial agencies to perform their respective obligations under the Implementation Agreements as set forth in Part C of Schedule 4 to this Agreement.

Section 3.02. Except as the Association 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 Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall not later than thirty (30) days after the Effective Date: (a) open and maintain an account in dollars in a commercial bank (the Project Account), on terms and conditions satisfactory to the Association;

(b) promptly thereafter, make an initial deposit into such account, in dollars or such other currency as may be acceptable to the Association, in an amount equivalent to five hundred thousand dollars (\$500,000) to finance the Borrower's contribution to the Project; and

(c) deposit every six months, into the Project Account, such amounts, in dollars or such other currency as may be acceptable to the Association, as shall be required to timely replenish the Project Account.

Section 3.04. (a) The Borrower and the Association shall not later than eighteen months after the Effective Date, conduct a mid-term Project implementation review to:

(i) monitor progress in carrying out the Project;

(ii) monitor performance of the ministries, provincial governments and central and provincial agencies under the respective Implementation Agreements;

(iii) discuss and agree on: (A) an updated Project financing plan, including all available cofinancing sources and the reallocation of Credit funds set forth in Schedule 1 to this Agreement, if necessary; (B) carrying out of final engineering designs based on completed feasibility studies; and (C) financing under the Project of new studies and programs identified during Project implementation; and

(iv) exchange information among staff responsible for Project implementation and propose coordinated solutions to any current issues.

(b) Not later than four weeks prior to such review, the Borrower shall furnish to the Association for its review and comments a report in such detail as the Association shall reasonably request, including: (i) an evaluation of progress achieved in Project implementation by the Borrower in general, its ministries, provincial governments and central and provincial agencies, in particular, in accordance with the provisions of the respective Implementation Agreements; and (ii) a draft action program to be carried out until the completion of the Project, including: (A) detailed technical assistance and training plans, (B) appointment of local counterparts, (C) a procurement program detailing equipment and vehicles to be procured under the Project, and (D) a revised Project financing plan, identifying all firmed-up cofinancing sources.

(c) Promptly after completing the mid-term review, carry out those recommendations arising out of said review as agreed between the Borrower and the Association.

Section 3.05. The Borrower shall:

(a) not later than December 31, 1993, prepare and furnish to the Association for its review and approval, an action plan and timetable to: (i) develop and implement by FY 1994 a cost-based tariff system; and (ii) implement by FY 1994 all administrative and policy measures necessary to deregulate and privatize the transport sector in accordance with the Borrower's sectoral policies; and

(b) promptly thereafter, carry out such action plan in manner satisfactory to the Association and in accordance with the timetable agreed upon with the Association.

Section 3.06. The Borrower shall not later than December 31, 1994, prepare and furnish to the Association for its review and comments:

(a) a satisfactory investment program for the infrastructure sector; and

(b) a satisfactory development program for the infrastructure sector for the period 1995 to 2005, including the identification of policy, organizational and financing mechanisms necessary to implement such program.

Section 3.07. The Borrower shall during the execution of the Project maintain, with functions, responsibilities, experience and qualifications satisfactory to the Association, the staff responsible for Project implementation as set forth in Parts A and B of Schedule 4 to this Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained 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 for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit 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 Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association'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 expenditures 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

##### Remedies of the Association

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

(a) that the Borrower's ministries, provincial governments and central and provincial agencies identified in Part C of Schedule 4 to this Agreement have failed to perform any of their respective obligations under the Implementation Agreements;

(b) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Borrower, MINTEC, MINPLAN, or MINOPU, and other ministries, provincial governments, and central and provincial agencies, as the case may be, will be able to perform their respective obligations under the Implementation

Agreements;

(c) Despacho No. 28/90 dated November 17, 1990, establishing INEA, Despacho Conjunto s/n dated March 15, 1980, establishing Mocamedes Railways Company; Despacho Conjunto s/n, dated March 15, 1980, establishing Mocamedes Port Company; Despacho Conjunto s/n, dated March 15, 1980, establishing Luanda Port Company; Despacho Conjunto s/n, dated March 15, 1980, establishing Luanda Railway Company; Law No. 2/91, dated February 1991, establishing MINOPU; Law No. 7/79, dated June 22, 1979, establishing MINPLAN; Law No. 1/79, establishing MINTEC; Decree No. 48/80, dated June 23, 1980, establishing MINTEC's Statutes; and Law No. 12/88, dated July 9, 1988, establishing MINPLAN's framework law, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially the ability of the Borrower and its ministries, provincial governments and central and provincial agencies to perform any of their respective obligations under this Agreement; and

(d) the Borrower or any authority having jurisdiction shall have taken any action concerning the Borrower's infrastructure sector policies that would materially and adversely affect the objectives of the Project.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) that the Association has received from the Borrower: (i) a satisfactory action plan and a timetable to ensure that housing and office space for consultants employed under the Project are available during the execution of the Project; and (ii) satisfactory evidence that all necessary action has been taken to legally establish and fully staff: (A) the Project coordination entities set forth in Part A of Schedule 4 to this Agreement; and (B) the Project Unit set forth in Part B of Schedule 4 to this Agreement, including the selection and contracting of the General Advisor and Administrative/Financial Advisor, with qualifications and experience satisfactory to the Association; and

(b) that the Implementation Agreements have been executed on behalf of the Borrower, its ministries, provincial governments and central and provincial agencies responsible for Project implementation, as set forth in Part C.2 of Schedule 4 to this Agreement, and are legally binding upon the Borrower, and such ministries, governments and agencies, respectively.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions issued by the Borrower's Attorney General to be furnished to the Association, namely that the Implementation Agreements have been legally executed and are binding upon the Borrower, its ministries, provincial governments and central and provincial agencies in accordance with their respective terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Planning 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:

Ministry of Planning  
Largo do Palácio  
P.O. Box 1205  
Luanda  
People's Republic of Angola

|                     |                     |
|---------------------|---------------------|
| Cable address:      | Telex:              |
| MINISTERIO DO PLANO | 998 3395 AN/MINPLAN |
| Luanda              | 998 3082 AN/MINPLAN |
|                     | 998 3161 AN/DINATEL |

For the Association:

International Development Association  
 1818 H Street, N.W.  
 Washington, D.C. 20433  
 United States of America

|                  |                |
|------------------|----------------|
| Cable address:   | Telex:         |
| INDEVAS          | 197688 (TRT)   |
| Washington, D.C. | 248423 (RCA)   |
|                  | 64145 (WUI) or |
|                  | 82987 (FTCC)   |

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.

PEOPLE'S REPUBLIC OF ANGOLA

By /s/ Apolinario Correia  
 Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
 Regional Vice President  
 Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

| Category                      | Amount of the<br>Credit Allocated<br>(Expressed in<br>SDR Equivalent) | % of<br>Expenditures<br>to be Financed |
|-------------------------------|---|--|
| (1) Studies                   | 4,940,000   | 90%                                    |
| (2) Final design              | 2,810,000   | 90%                                    |
| (3) Technical Assistance      | 6,270,000   | 100%                                   |
| (4) Training                  | 1,140,000   | 100%                                   |
| (5) Equipment and spare parts | 5,360,000   | 100% of foreign expenditures           |
| (6) Administrative            |   |  |

and logistical support:

|  |            |   |
|--|------------|---|
| (a) office equipment and supplies;           | 510,000    | 100% of foreign expenditures                              |
| (b) vehicles; and                            | 510,000    | 100% of foreign expenditures                              |
| (c) housing.                                 | 170,000    | 100% of foreign expenditures                              |
| (7) Refunding of Project Preparation Advance | 1,120,000  | Amount due pursuant to Section 2.02 (c) of this Agreement |
| (8) Unallocated                              | 5,470,000  |   |
| TOTAL  | 28,300,000 |   |

2. For the purposes of this Schedule:

(a) the term "Final design" means cost of consultants' services to prepare final engineering designs agreed upon by the Borrower and the Association;

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

(c) the term "housing" means: (i) cost of purchasing, importing, installing and maintaining prefabricated housing units for consultants employed under the Project; and (ii) cost of rehabilitation and maintenance of housing and office space necessary for implementation of the Project; and

(d) the term "training" means cost of courses, workshops, seminars, travel expenses, per-diem and other costs related to the implementation of training programs financed under 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; and (b) expenditures under Category (6) (c), unless the Borrower has furnished to the Association satisfactory evidence of the Borrower's ownership of land where housing is to be built under the Project.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (a) rehabilitate key transport and urban systems of the Borrower; and (b) strengthen the Borrower's capabilities to formulate policies, strategies and rehabilitation plans, and to continue infrastructure maintenance programs.

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

Part A: Port of Namibe

1. Carrying out a feasibility and basic engineering study with an environmental assessment for the rehabilitation and maintenance of Port of Namibe.

2. Provision of technical assistance in the following areas:

- (a) port operations;
- (b) equipment maintenance;
- (c) port administration and finance; and



(d) procurement of supplies and supervision of repairs and maintenance of equipment.

3. Development and implementation of a training program for the staff of Port of Namibe.

4. Acquisition of equipment and spare parts, including, inter alia, radio-communication equipment and workshop tools.

5. Provision of logistical and administrative support, including:

(a) equipping, furnishing, and upgrading the water supply system of housing for consultants employed under this part of the Project; and

(b) acquisition of about four vehicles and office equipment.

Part B: Caminhos de Ferro de Mocamedes (CFM)

1. Carrying out a study of CFM and the related Namibe port transport system, including the Port of Namibe, to establish the feasibility of various transport options and develop a long-term action plan.

2. Provision of technical assistance in the following areas:

(a) locomotive and rolling stock maintenance;

(b) railways operations;

(c) track maintenance;

(d) strengthening of the supplies department; and

(e) strengthening of the finance department.

3. Development and implementation of a training program for:

(a) operating staff, including train staff, station masters, train control and train checking staff;

(b) locomotive maintenance and operating staff;

(c) rolling stock maintenance staff; and

(d) maintenance of track and track equipment staff.

4. Rehabilitation of equipment, including:

(a) acquisition of spare parts and tools; and

(b) overhaul of main line locomotives.

5. Acquisition of computer hardware and software to improve planning of, and monitor performance in the departments of:

(a) locomotive and rolling stock maintenance workshop;

(b) operations;

(c) supplies; and

(d) civil engineering.

6. Provision of logistical and administrative support, including:

(a) provision, equipping and furnishing of housing for consultants employed under this part of the Project;

(b) renovation of office space; and

(c) acquisition of about four vehicles.

Part C: National Basic Highway Network

1. Carrying out a highway management study.
2. Carrying out a highway rehabilitation and maintenance study, including:
  - (a) a survey of highway rehabilitation requirements; and
  - (b) a highway and bridge rehabilitation master plan and a highway maintenance program.
3. Strengthening of INEA through the provision of:
  - (a) technical assistance in the following areas: highway engineering, organization and management, planning and budgeting, environmental assessments, economics, financial management, personnel training and field maintenance operations; and
  - (b) staff training.
4. Provision of logistical and administrative support, including:
  - (a) provision, equipping and furnishing of housing for consultants employed under this part of the Project; and
  - (b) acquisition of: (i) about five vehicles; (ii) office equipment; (iii) equipment for traffic counts, weight control and communications; (iv) spare parts; and (v) supplies.

Part D: Port of Luanda

1. Carrying out a study to:
  - (a) prepare an overall port development program;
  - (b) prepare a program for improvement in port operations;and
  - (c) recommend a financial strategy to improve the profit- ability of Port of Luanda.
2. Provision of technical assistance in the following areas:
  - (a) port administration and operations;
  - (b) equipment maintenance;
  - (c) civil works maintenance; and
  - (d) to fulfill special technical requirements of the Port of Luanda to be identified and agreed between the Borrower and the Association during Project implementation.
3. Provision of staff training.
4. Provision of logistical and administrative support, including:
  - (a) acquisition of: (i) office and mechanical equipment; (ii) communications equipment; (iii) spare parts; (iv) workshop tools; (v) about four vehicles; and (vi) computer hardware and software; and
  - (b) provision, equipping and furnishing of housing for consultants to be employed under this part of the Project.

Part E: Caminhos de Ferro de Luanda (CFL)

1. Carrying out a study of CFL to establish the feasibility of various transport options and develop a long-term action plan.
2. Provision of technical assistance in the following areas:
  - (a) locomotive and rolling stock maintenance;

- (b) railways operations;
- (c) track maintenance; and
- (d) project reporting, record keeping and documentation.

3. Provision of training for:

- (a) operating staff, including train staff, station masters, train control and train checking staff;
- (b) locomotive maintenance and operating staff;
- (c) tariff and pricing staff; and
- (d) maintenance of track and track equipment staff.

4. Provision of logistical and administrative support, including:

- (a) acquisition of equipment, including one locomotive testing stand, two sets of calibration equipment, one test stand for performing running tests on traction motors and track trolleys;
- (b) overhaul of up to four main line locomotives;
- (c) acquisition of computer hardware and software;
- (d) provision, equipping and furnishing of housing for consultants employed under this part of the Project; and
- (e) acquisition of office equipment and about six vehicles.

Part F: Luanda Metropolitan Area

1. Water supply, sewerage, storm drainage and solid waste disposal systems:

- (a) carrying out a study of the general institutional and organizational set-up of the sector;
- (b) development of short-term master plans for the rehabilitation and expansion of such systems, including an emergency rehabilitation program;
- (c) carrying out preliminary engineering and feasibility studies for the rehabilitation of such systems;
- (d) provision of technical assistance, staff training, and acquisition of equipment to strengthen the National Directorate of Water and the Provincial Water Company of Luanda;
- (e) provision, equipping and furnishing of office space for consultants employed under this Part of the Project; and
- (f) acquisition of about six vehicles.

2. Urban infrastructure:

- (a) carrying out a study, including: (i) an urban land-use and infrastructure plan, and (ii) an urban upgrading project;
- (b) provision of on-the-job training for local counterpart staff;
- (c) provision of technical assistance to improve environmental protection skills;
- (d) acquisition of computer hardware and software;
- (e) provision, equipping and furnishing of housing for consultants employed under this part of the Project; and
- (f) acquisition of about four vehicles.

Part G: Environmental Rehabilitation

1. Provision of technical assistance to:
  - (a) develop a data-base to support environmental assessments, planning and monitoring; and
  - (b) review and update the environmental legal and regulatory framework.
2. Provision of training in environmental analysis, planning and monitoring techniques.

Part H: Project Management

1. Strengthening of the Borrower's managerial and Project implementation capabilities.
2. Provision of training for staff responsible for Project implementation.

\* \* \* \*

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works estimated to cost the equivalent to \$500,000 or more, 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).
2. To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost the equivalent of about \$500,000.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Angola may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Local competitive bidding:
  - (a) Works estimates to cost the equivalent of less than \$500,000; and (b) goods estimated to cost the equivalent of \$100,000 or more, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
2. Shopping:

Items or groups of items estimated to cost less than the equivalent of \$10,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Administrator.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
  - (a) With respect to each contract estimated to cost the equivalent of \$75,000 or more, for the procurement of goods and works 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

Association pursuant to said paragraph 2 (d) shall be furnished to the Association 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, such 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 Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

(a) 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 Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association 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.

(b) The Borrower shall cooperate fully with such consultants in the performance of their services for the Project and make available to them all information relevant to the Project.

## SCHEDULE 4

### Part A: Project Coordination

#### 1. Project Steering Committee

(a) A project steering committee (PSC) shall be established by the Minister of Planning with the following members: (i) Director of DNIC (chairperson); (ii) three component coordinators; (iii) a representative of the Ministry of Finance; and (iv) a representative of Banco Nacional de Angola.

(b) The PSC shall meet twice a month;

(c) The PSC shall have, inter alia, the following functions: (i) to guide and direct the execution of the Project; and (ii) review annual action programs and implementation schedules prepared by Component Coordinators, and submit such action programs and schedules to the Association for its comments.

#### 2. Project Coordinator

Overall Project Coordination shall be the responsibility of the DNIC of MINPLAN.

#### 3. Component Coordinators

(a) There shall be three Component Coordinators (CC) as follows:

- (i) One CC for Parts A, B, D and E of the Project;
- (ii) One CC for Part C of the Project; and
- (iii) One CC for Parts F and G of the Project.

(b) The CCs shall report to the Project Coordinator; and

(c) Each CC shall be responsible, inter alia, for the implementation of the respective Part of the Project, in accordance with the terms of the respective Implementation Agreement.

Part B: Project Unit (PU)

1. The Borrower shall: (a) establish PU within the Directorate of Investments and Construction (DNIC) of MINPLAN, reporting directly to the Minister of Planning; and (b) thereafter, maintain PU with the staffing and functions described below.

2. PU shall be responsible for the provision of overall technical and administrative support to the Project Coordinator and to the Project Steering Committee.

3. PU shall be headed by a full-time General Advisor with qualifications and managerial experience acceptable to the Association.

4. For the implementation of the Project, the General Advisor shall be responsible, inter alia, for the following:

(a) coordination and monitoring of all technical and managerial aspects of Project implementation;

(b) ensuring appropriate compliance with the provisions of the Implementation Agreements, annual action programs and implementation schedules for the respective Project components;

(c) supervision of and making all necessary procurement arrangements related to the Project, including calling for bids, evaluation of bids and awarding of contracts;

(d) overall supervision of all studies carried out, and technical assistance employed under the Project;

(e) meeting regularly with staff of ministries, provincial governments and central and provincial agencies responsible for Project implementation to identify implementation bottlenecks and propose possible solutions;

(f) overseeing the management and prompt allocation of housing and office space for consultants employed under the Project; and

(g) supervision of the financial aspects and accounts of the Project, and of the timely preparation of auditing reports.

5. In addition to the General Advisor, PU shall include the following staff, all with qualifications and experience satisfactory to the Association:

(a) Training Advisor, who shall be responsible, inter alia, for the following: (i) overseeing the implementation of all capacity building studies financed under the Project; (ii) ensuring uniformity and efficiency in the design, implementation and supervision of all training programs financed under the Project; and (iii) identifying and ensuring the application of local and external staff training resources available under the Project.

(b) Administrative/Financial Advisor who shall be responsible, inter alia, for the following: (i) developing and implementing a system to ensure the appropriate compilation and maintenance of Project documentation, files and records; (ii) developing and implementing a system to ensure transparency in keeping financial records and accounts for the Project, in general, and for each Project Component, in particular; (iii) establishing and implementing: (A) reporting procedures, including quarterly component progress reports and annual Project evaluation reports; and (B) periodic auditing arrangements in accordance with the provisions of Article IV of this Agreement.

(c) Environmental Advisor, who shall be responsible, inter alia, for the following: (i) developing of a data-base to support environmental assessments, including planning and monitoring of such activities; (ii) training of local counterparts; and (iii) reporting to the Project Coordinator on the consistency and thoroughness of the environmental assessments carried out under the Project, and proposing corrective actions, if necessary.

Part C: Implementation Agreements

1. The Borrower and its ministries, provincial governments and central and provincial agencies shall enter into implementation agreements which shall, inter alia, include the following:

(a) identification of the specific ministries and agencies responsible for the execution of the respective Project Component;

(b) description of necessary coordination mechanisms; and

(c) assignment of local counterparts to be made available to work and receive training from the consultants employed under the Project.

2. The following Implementation Agreements shall be entered into:

(a) Namibe Port Transport System Implementation Agreement (Parts A and B of the Project) among:

- Ministry of Transport & Communications
- Bureau of Planning, Coordinator
- National Directorate of Railways
- National Directorate of Merchant Marine & Ports
- Mocamedes Railway Company
- Port of Namibe

(b) National Basic Highway Network Implementation Agreement (Part C of the Project) between:

- Ministry of Public Works and Urban Development
- Angola Highway Institute, (INEA) Coordinator

(c) Luanda Port Transport System Implementation Agreement (Parts D and E of the Project) among:

- Ministry of Transport & Communications
- Bureau of Planning, Coordinator
- National Directorate of Railways
- National Directorate of Merchant Marine & Ports
- Luanda Railway Company
- Port of Luanda

(d) Urban Infrastructure of Luanda Metropolitan Area Implementation Agreement (Parts F and G of the Project) among:

- Luanda Provincial Government
- Office of the Deputy Governor for Technical Affairs, Coordinator
- Provincial Water Company of Luanda (Empresa Provincial de aguas de Luanda)
- Ministry of Planning
- National Institute of Physical Planning
- State Secretariat for Energy and Water
- National Directorate of Water (Direccao Nacional de aguas)