

CONFORMED COPY

LOAN NUMBER 3401 MAS

(Industrial and Vocational Training Project)

between

MAURITIUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 5, 1991

LOAN NUMBER 3401 MAS

LOAN AGREEMENT

AGREEMENT, dated November 5, 1991, between MAURITIUS (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 modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) the last sentence of Section 3.02 is deleted; and

(b) sub-paragraph (k) of Section 6.02 is relettered as sub-paragraph (l), and a new sub-paragraph (k) added to read as follows:

"(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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Act" means the Borrower's Industrial and Vocational Training Act, 1988 (Act No. 8 of 1988);

(b) "IVTB" means the Industrial and Vocational Training Board established under the Act; and

(c) "IVTC" means the Industrial and Vocational Training Council established under the Act.

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 five million four hundred thousand dollars (\$5,400,000), 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 The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in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 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.

Section 2.03. The Closing Date shall be December 31, 1998, 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 May 1 and November 1 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 cause IVTB, acting under the overall supervision of IVTC, to carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, educational and industrial 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, 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. (a) The Borrower and the Bank shall, not later than March 31, 1992, and every six months thereafter, undertake a joint review of the Project or, in the case of the review to be undertaken not later than September 30, 1994, a mid-term review, during which they shall exchange views on matters relating to the progress of the Project and the performance by the Borrower of its obligations under this Agreement.

(b) The Borrower shall furnish to the Bank, for its review and comments, and in such detail as the Bank shall reasonably request:

- (i) not later than one month prior to each such review, a report on the progress and status of the Project, including a detailed statement of all procurement undertaken during the preceding six-months' period, together with a forward forecast, and the estimated costs, of procurement to be undertaken during the six-months' period next following;
- (ii) not later than March 31 of each year, an annual work program, giving details of the progress made in the implementation of the Project for the preceding twelve months' period, together with the Borrower's proposals for each of the components of the Project for the twelve months' period next following; and
- (iii) brief semiannual reports on the progress of the Project, to be submitted not later than two (2) months after the end of each such semiannual period.

(c) Following each review referred to in paragraph (a) of this Section, the Borrower undertakes to act promptly and diligently, in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than seven 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

Remedies of the Bank

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

(a) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of IVTB or for the suspension of its operations; and

(b) the Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of IVTB to perform any of its obligations under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that any event specified in paragraph (a) or (b) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Borrower has submitted to the Bank a proposed work plan, acceptable to the Bank, which shall form the basis for IVTC to supervise, and the Bank to monitor, implementation of the Project.

Section 6.02. The date one hundred twenty (120) 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 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:

Ministry of Finance
Government House
Port Louis
Mauritius

Cable address:

MINFIN
Port Louis

Telex:

4249 EXTERN IW

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

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 Paris, France, as of the day and year first above written.

MAURITIUS

By /s/ R. Sithanen

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ O. Lafourcade

Director, European Office

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:

Amount of the Loan Allocated	% of
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Category	(Expressed in Dollar Equivalent)	Expenditures to be Financed
Part A of the Project		
(1) Equipment and furniture		100% of foreign expenditures and 85% of local expenditures
(a) under Part C of of the Project	350,000	
(b) other	2,840,000	
(2) Technical assistance	770,000	80% of local expenditures for services of consultants domiciled within the territory of the Borrower and 100% of foreign expenditures for services of other consultants
(3) Training and studies	620,000	100% of foreign expenditures and 80% of local expenditures

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(4) Books, periodicals, materials and supplies	410,000	100% of foreign expenditures and 85% of local expenditures
(5) Training support research	320,000	100% of foreign expenditures
(6) Unallocated	90,000	
TOTAL	5,400,000	

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:

- (a) payments made for expenditures prior to the date of this Agreement; or
- (b) payments under Category (1) (a) above, unless the Borrower has submitted to the Bank, and the Bank has approved, details of the proposed training programs envisaged under Part C of the Project, together with the list of equipment required for each of such

training programs.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: strengthen the institutional capacity of IVTB; establish it as the leading centre of industrial and vocational training; and establish an appropriate job classification system in Mauritius.

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: Establishment of IVTB

1. Direct technical support, and training of local staff, in the operating divisions of IVTB.
2. Assistance in selected specialized training areas, including curriculum design, training levy management, and monitoring and evaluation techniques.
3. Assistance in initial training needs analyses, curriculum design and course preparation, including the preparation of equipment lists required for cross-sectoral programs under Part C of the Project.

Part B: Resource Centre

1. Civil works for the rehabilitation of facilities at Ebene, Mauritius, to be used for the establishment of a training resource centre.
2. Provision of books, periodicals and other publications, and other appropriate training tools and equipment, for the resource centre, to enable trainers, both within and outside IVTB, to have access to modern training methods and materials.

Part C: Cross-Sectoral Training Courses

1. Introduction of a variety of cross-sectoral training programs designed to develop such industrial, management and business skills as may be required in the context of the industrial and commercial activities in the territories of the Borrower.
2. Civil works for the renovation of the physical facilities to be used to house the training programs.

Part D: Training Information Infrastructure

Establishment of a job-classification system allowing for more accurate labor forecast modelling, training needs identification on a constant basis and labor market changes.

* * *

The Project is expected to be completed by June 30, 1998.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each May 1 and November 1	
beginning May 1, 1997	
through November 1, 2008	225,000

