

CONFORMED COPY

LOAN NUMBER 3578 MAS

Loan Agreement

(Education Sector Development Project)

between

REPUBLIC OF MAURITIUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 16, 1993

LOAN NUMBER 3578 MAS

LOAN AGREEMENT

AGREEMENT, dated April 16, 1993, between REPUBLIC OF MAURITIUS (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received a letter dated February 18, 1993, from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's education sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(B) 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; and

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.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ESMP" means the Borrower's Education Sector Master Plan, reflected in the Program;

(b) "MOES" means the Borrower's Ministry of Education and Science;

(c) "MPCU" means the Borrower's Master Plan Coordination Unit within MOES;

(d) "NCCRD" means the Borrower's National Center for Curriculum Research and Development;

(e) "PSSA" means the Private Secondary Schools Authority;

(f) "PTA" means a Parent Teacher Association;

(g) "PAP" means the Policy Action Plan prepared by the Borrower, consisting of policy measures designed to guide the implementation of the ESMP;

(h) "TEC" means the Borrower's Tertiary Education Commission;

(i) "PIU" means the Project Implementation Unit within MOES established under Loans 1033-MAS and 1543-MAS;

(j) "MES" means the Mauritius Examinations Syndicate;

(k) "CPE" means the Certificate of Primary Education;

(l) "CCE" means Continuous Comprehension Evaluation;

(m) "EMIS" means the Education Management Information System within MOES; and

(n) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

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 this Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of twenty million dollars (\$20,000,000), 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 deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

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."

period
"(c) (iii) 'Quarter' means a three-month 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. (a) The Borrower declares its commitment to the objectives of the Program, and the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MOES with due diligence and efficiency and in conformity with appropriate financial, administrative and education 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 Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

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 ensure that projects contained in the Education Sector Investment Program are included in the Borrower's Public Sector Investment Program and that any new project shall be consistent with the objectives of ESMP.

Section 3.04. The Borrower shall: (a) follow the principles, policy actions and programs in the plan for the rationalization of tertiary education referred to Part C.1 of Schedule 2 to this Agreement; and (b) by the time of the mid-term review referred to in paragraph 5 of Schedule 5 to this Agreement, design a career motivation package for practicing teachers.

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 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 or payment out of the Special 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 (1) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE VI

Termination

Section 6.01. 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 at the time 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 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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MAURITIUS

By /s/ Chitmansing Jesseramsing
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ F. Aguirre-Sacasa
Acting Regional Vice President
Africa

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) Civil works	4,000,000	35% of foreign expenditures
(2) Equipment and furniture:		70% of foreign expenditures

(iii) strengthen sector management and institutional development.

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: Increasing Access and Promoting Equity

1. Primary Schools

(a) Rehabilitation of classrooms and other facilities at about 25 primary schools.

(b) Construction of about 13 new primary schools in under-served locations.

2. State Secondary Schools

(a) Renovation and/or extension of facilities at about 21 state secondary schools.

(b) Construction of five new state secondary schools accommodating about 5,000 students in regions now deprived of a secondary school.

3. Private-Sector Secondary Schools

Acquisition of equipment, furniture and supplies for new facilities of private secondary schools.

4. Higher Education

Expansion of the University of Mauritius, based on an academic development plan, through the upgrading of professional qualifications of faculty and staff, and acquisition of appropriate laboratory equipments, books, and instructional materials.

Part B: Improving the Quality of Education

1. Student Assessment, Testing and Examination Reform

(a) Strengthening the capacity of MES to design and implement the proposed reform of the student assessment and examinations systems, and expand its research programs in the area of examinations and testing, through the acquisition of necessary equipment, development of testing programs and materials, and provision of staff training.

(b) Introduction sequentially, beginning with Form I, of the Continuous Comprehensive Evaluation program.

(c) Redesigning of the CPE to strengthen its assessment functions and gradually improve its student orientation role.

(d) Introduction of a diagnostic assessment in Standard 3.

(e) Introduction of an orientation assessment for Form III.

(f) Construction of data processing and storage facilities, acquisition of examination and test-related equipment and computers.

(g) Conducting in-country workshops for primary and junior secondary teachers on the use of CCE, CPE and diagnostic assessments.

2. Teacher Upgrading

(a) Revision and simplification of existing structure of certificate and diploma courses offered by the Mauritius Institute of Education.

(b) Development of teacher upgrading programs and associated

instructional materials.

(c) Provision of local staff training.

3. Endowments for Libraries and Teaching Aids

(a) Carrying out a survey to provide an inventory of needs with respect to libraries, instructional materials, and additional space requirements.

(b) Upgrading book collections, increasing stock of reference books, and acquisition of book-shelves and storage equipment.

(c) Acquisition of instructional equipment, including videocassette recorders, televisions, radios, calculators and computers.

(d) Training of teachers on how to better use the abovementioned technology.

Part C: Strengthening Sector Management and Institutional Development

1. Tertiary Education

(a) Strengthening of TEC's capacity to (i) coordinate annual activity programs and long term development plans for the four higher education institutions, (ii) plan academic programs with a uniform modular curriculum and credit system, (iii) sustain faculty and staff development, and (iv) develop libraries and information resources.

(b) Preparation of a consolidated tertiary education development plan, covering all four higher education institutions (University of Mauritius, Mauritius Institute of Education, Mauritius College of the Air and Mahatma Gandhi Institute).

(c) Preparation of proposals for introduction of an academic credit system.

(d) Development of a database on academic research.

(e) Carrying out a review of distance education.

(f) Establishment of staff development, library and laboratory funds.

2. MOES

(a) Establishment of an Education Management Information System, fully integrated within the operating units of MOES.

(b) Improvement of operational linkages with the planning, programming, and budgeting procedures of the Ministry of Economic Planning and Development, and the Ministry of Finance.

(c) Strengthening MOES' capacities for finance and budgeting and personnel management, through increased computerization, improved data processing and provision of professional management training for MOES staff.

(d) Carrying out research and studies to improve program development, maximize learning achievements, equalize learning opportunities, and improve learning quality.

3. National Schools Inspectorate

(a) Development of an administrative framework, with clear operational procedures, within which the National Inspectorate will function.

(b) Upgrading of the professional competence of the inspectors through training.

(c) Improvement in the logistical base from which the inspectors operate.

4. Regional Education Centers

(a) Establishment of a system of educational support services for teachers and students at the regional level.

(b) Upgrading of Regional Education Centers in all regions.

* * *

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 15 and November 15 beginning November 15, 1998 through November 15, 2008	835,000
and on May 15, 2010	795,000

