

CONFORMED COPY

LOAN NUMBER 3152 TR

Loan Agreement

(Structural Adjustment Loan)

between

REPUBLIC OF TRINIDAD AND TOBAGO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 25, 1990

LOAN NUMBER 3152 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 (A) the Bank has received a letter dated November 17, 1989 from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's economy (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in the financing of urgently needed imports and services required during such execution;

(B) the Borrower intends to contract from the Export and Import Bank of Japan (Eximbank of Japan) a

loan (the Eximbank Loan) in an amount equivalent to \$40,000,000 to assist in financing the Program on the terms and conditions set forth in an agreement (the Eximbank Loan Agreement) to be entered into between the Borrower and the Eximbank of Japan; and

(C) on the basis, inter alia, of the foregoing, the Bank has decided in support of the Program to provide such assistance to the Borrower by making the Loan in two tranches as hereinafter provided;

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 thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 11, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Loan pursuant to the provisions of Schedule 1 to the Loan Agreement.";

(b) Section 9.07 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan."; and

(c) The last sentence of Section 3.02 is deleted.

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) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986);

(b) "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;

(c) "SOE Divestment and Rationalization Program" 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;

(d) "NHMC" means National Hospital Management

Company, a company established by and wholly-owned by the Borrower;

(e) "SNC" means School Nutrition Company, a company established by and wholly-owned by the Borrower;

(f) "NSR" means National (Secondary Roads) Development Company, a company established by and wholly-owned by the Borrower;

(g) "WAS A" means the Water and Sewerage Authority of the Borrower, established by an Act of Parliament of the Borrower on September 1, 1965;

(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;

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

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

(l) "CET" means Common External Tariff, the system of tariff structure developed by agreement among member states of the Caribbean Community in accordance with the Treaty of Chaguaramas, dated July 4, 1973 as such agreement may be modified from time to time by agreement among such members;

(m) "SSU" means the Social Sectors Unit established within the MOPAM; and

(n) "Technical Assistance Loan Agreement" means the agreement of even date herewith between the Borrower and the Bank for Loan 3153 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 forty million dollars (\$40,000,000) being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement.

Section 2.03 The Closing Date shall be December 31, 1991 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 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 2 to this Agreement.

Section 2.08. (a) The Central Bank of Trinidad and Tobago is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts the Central Bank of Trinidad and Tobago with responsibility for the preparation of withdrawal applications under the Loan and for the collection of the documents and other evidence to be furnished to the Bank in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than \$250,000 equivalent.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 4 to this Agreement.

(b) Prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Loan.

(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 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 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 audits 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 IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6 02 (k) of the General Conditions, the following additional events are specified:

(a) That a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) The Eximbank Loan Agreement shall have failed to become effective by June 30, 1990, or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Program are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of the Eximbank Loan made to the Borrower for the financing of the Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the Eximbank Loan Agreement; or

(B) the Eximbank Loan shall have become due and payable prior to the agreed maturity thereof

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or

prematurating is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Program are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

ARTICLE V

Termination

Section 5.01. 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. Except as provided in Section 2.08 (a) of this Agreement, 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

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

4400989 (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. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be withdrawn from the Loan Account for expenditures made (or, of the Bank shall so agree, to be made) in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of such proceeds.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures for goods included in the following SITC groups or sub-groups, or any successor groups or sub-groups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials,
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary

(excluding gold ores
and concentrates)

(b) expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower;

(c) payments made for expenditures prior to the date of this Agreement, except that withdrawals in an amount not exceeding the equivalent of \$8,000,000 may be made on account of payments made for such expenditures before that date but after August 1, 1989;

(d) expenditures for goods procured under contracts costing less than \$5,000 equivalent;

(e) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Bank shall have financed or agreed to finance;

(f) expenditures for petroleum products, or for goods intended for a military or para-military purpose or for luxury consumption;

(g) expenditures in excess of an aggregate amount equivalent to \$4,000,000 for foodstuffs; and

(h) expenditures for goods imported under contracts for the supply of commodities if such contracts were awarded by direct contracting without competition.

3. Withdrawals for expenditures under contracts for the procurement of goods estimated to cost less than \$1,000,000 may be permitted by the Bank upon the basis of statements of expenditure under such terms and conditions as the Bank shall specify.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Loan after the aggregate of the proceeds of the Loan withdrawn from the Loan Account and the total amount of such commitments shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank: (a) with the progress achieved by the Borrower in the carrying out of the Program; and (b) that the actions described in Schedule 4 to this Agreement have been taken in a manner satisfactory to the Bank.

5. If, after the exchange of views described in paragraph 4 above, the Bank shall have given notice to the Borrower that the progress achieved and the actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Bank, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

SCHEDULE 2

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
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On each May 15 and November 15

beginning May 15, 1995
through November 15, 2004 2,000,000

* 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 3

Procurement

1. Contracts for the procurement of goods estimated to cost the equivalent of \$3,000,000 or more each shall be awarded through international competitive bidding 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), subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted there for:

"2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

- (i) a notice in the United Nations publication, Development Business; or
- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative, bidding documents may require the bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted

2. Contracts for goods estimated to cost the equivalent of less than \$3,000,000 each shall be awarded:

(a) by purchasers subject to the Borrower's public procurement procedures for the importation of goods, on the basis of such procedures, provided that such procedures shall have been found acceptable by the Bank;

(b) by other purchasers, in accordance with established commercial practice, provided that such contracts shall be awarded on the basis of evaluation and comparison of quotations obtained from suppliers from at least two countries, except where direct contracting is permitted under paragraph 3.5 of the Guidelines.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a

description of the advertising and tendering procedures followed and such other information as the Bank shall reasonably request.

4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect thereof, such documentation and information as the Bank may reasonably request to support withdrawal applications in respect of such contract.

5. The provisions of the preceding paragraph 4 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.

SCHEDULE 4

Actions Referred to in Paragraph 4 (b) of Schedule 1 to this Agreement

1. That the Borrower has made progress, satisfactory to the Bank, in implementing the SOE Divestment and Rationalization Program, including specifically the following:

(a) completing the liquidation of NHMC, SNC and NSR; and

(b) taking all steps necessary or appropriate to prepare and sale, wholly or partially, or otherwise divest, at least the selected SOEs.

2. That the Borrower has adopted a plan of action for WASA, including a timetable for implementation, satisfactory to the Bank, and has begun implementation in accordance with such time table, in order to:

(a) improve financial self-sufficiency and management, including a phased reduction of transfers from the Borrower, measured by targets including, inter alia, working ratio and receivables; and for such purposes: (i) to review the tariff levels and structures and propose any necessary changes; and (ii) to propose a plan to achieve, inter alia, a working ratio of not less than 1.05 by the end of 1991 and 0.95 by the end of 1993, and a reduction of arrears in receivables to six (6) months or less by the end of 1991 and four (4) months or less by the end of 1993;

(b) improve administrative efficiency and for such purpose to introduce, inter alia, appropriate accounting, billing and collection systems; and

(c) improve operational efficiency measured by targets including, inter alia, number of customers per employee, share of salaries in operating expenditures, extent of metered connections and maintenance levels, and for such purposes to formulate a program: (i) to install meters for large consumers, including large industrial users; and (ii) to reduce the number of employees per 1000 water connections to less than 21 by the end of 1991.

3. That the Borrower has carried out a management and operational audit of TTEC, satisfactory to the Bank, and has adopted a plan of action for TTEC, including a timetable for implementation, satisfactory to the Bank to:

(a) improve financial self-sufficiency and management measured by targets including, inter alia, rate of return, net internal cash generation, debt limitation, debt service coverage and receivables;

(b) improve administrative efficiency and for such purpose to adopt, inter alia, appropriate accounting, billing and collection systems;

(c) improve operational efficiency measured by targets including, inter alia, number of customers per employee, share of salaries in operating expenditures, technical losses and maintenance levels; and

(d) improve the system of investment programming using proper appraisal principles to ensure that resources are economically allocated and that financial viability is achieved, and to achieve a sound balance between generation, transmission and distribution.

4. That the Borrower has adopted measures, including best efforts to obtain tariff adjustments, in order to achieve a break even position for TTEC in 1990, and has achieved for TTEC a ratio of customers per employee of not less than 99.

5. That the Borrower and its agencies have liquidated their arrears to WASA and TTEC and all their account balances in respect of WASA and TTEC have been made current; and that the Borrower has achieved for TTEC a reduction in non-governmental account balances (including those of the SOEs) to 60 days or less.

6. That the Borrower has converted its outstanding loans and advances to TTEC into capital funds thereby relieving TTEC of any obligation to repay such loans and advances or to pay any interest thereon.

7. That the Borrower has adopted the following measures with respect to the process for formulating, implementing and monitoring the PSIP:

(a) prepared and adopted a rolled-over PSIP covering the three year period from Fiscal Year 1990 through Fiscal Year 1992 satisfactory in size, composition and sectoral balance, and supported by an appropriate financing plan, and has clearly identified the core program for Fiscal Year 1990;

(b) prepared and adopted to the satisfaction of the Bank project preparation guidelines, selection criteria, approval procedures and procedures delineating the institutional responsibilities and the roles of the agencies of the Borrower involved in the PSIP process, including adopting appropriate coordination mechanisms and instituting a process for the formal pre-selection of projects to be included in the PSIP; and

(c) strengthened, in a manner satisfactory to the Bank, the system for monitoring the PSIP in order to facilitate the review of implementation performance on a quarterly basis.

8. That the Borrower has:

(a) reduced the adjusted share of non-oil manufacturing production covered by import licensing requirements under the Borrower's laws and regulations by not less than 40 percent;

(b) adopted a plan of action, including a time table

for implementation, satisfactory to the Bank, to eliminate, not later than December 31, 1991, the requirement of import licensing for all items affecting the rest of the non-oil manufacturing sector, except in respect of those items for which import licensing may be maintained because of international agreements, national security or public health of the Borrower; and

(c) completed a study, satisfactory to the Bank, on the trade regime affecting the agricultural sector and the Borrower's State Trading Company (National Four Mills) and has discussed the results thereof with the Bank.

9. That the Borrower has completed a study, satisfactory to the Bank, of its 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, and taking into account the results of such study, has prepared a program of medium-term tariff reform, satisfactory to the Bank, to be accomplished through annual adjustment in import charges by no later than December 31, 1994, such program to be based on the following objectives:

(a) to achieve a level of import charges equivalent to the rate of CET through a gradual elimination of all other charges on imports and of all exemptions from the CET except as such exemption may be agreed to with the Bank based on the results of such study;

(b) to reduce the dispersion of effective protection rates;

(c) to reduce the number of tariff bands.

10. That the Borrower has made progress, satisfactory to the Bank, in simplifying its import and export procedures including introduction of the Automated System for Customs Data, for purposes of facilitating the development of trade.

11. That the Borrower has reviewed alternative systems for providing free trade status to exporters and has established and is operating a suitable system, acceptable to the Bank, for providing such status to manufacturers predominantly engaged in export activities, and has provided to the Bank a timetable, satisfactory to the Bank, to provide a similar facility to cover the exports of other manufacturers.

12. That the Borrower has made progress, satisfactory to the Bank, in implementing streamlined procedures for the administration of investment incentives, and in implementing the use of revised documentation required for investment application.

13. That the Borrower has taken steps, satisfactory to the Bank, to facilitate foreign investment.

14. That the Borrower has made progress, satisfactory to the Bank, in reviewing relevant petroleum legislation and regulations affecting the concessionary and other systems 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 proposals for improvement, where necessary.

15. That the RSU and the SSU are adequately staffed and

fully operational.

16. That the Borrower has made progress, satisfactory to the Bank, in: (a) reviewing public expenditure on the social sectors to improve the targeting and effectiveness of existing social programs and the provision of a desirable minimum level of services, especially to the poor and vulnerable groups; (b) formulating a system to generate information to assist the Borrower in designing programs to protect the poor and vulnerable groups on an ongoing basis; (c) further development of the social security system; and (d) preparing an operation to strengthen the employment prospects of unemployed youths, particularly in the context of small business development and youth insertion programs.

