

LOAN NUMBER 3132 MAS

Loan Agreement

(Second Highways Project)

between

MAURITIUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated May 7, 1990

LOAN NUMBER 3132 MAS

LOAN AGREEMENT

AGREEMENT, dated May 7, 1990, between MAURITIUS (the Borrower) and the 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; 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 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower

pursuant to an exchange of letters dated April 28, 1989 and May 18, 1989 between the Borrower and the Bank; and

(b) "MOW" means the Borrower's Ministry of Works.

## 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 Agreement, various currencies that shall have an aggregate value equivalent to the amount of thirty million dollars (\$30,000,000) as 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 (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in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) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan 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, 1994, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ( $1/2$  of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the B@ 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 February 1 and August 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 carry out the Project through MOW 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.

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. The Borrower shall cause HOW to prepare and furnish to the Bank by not later than

December 31, 1991, an action program for the monitoring of ambient air quality standards for vehicle emissions and proposed standards for vehicle emissions. After review and comment of said program and standards by the Bank, the Borrower shall adopt and implement a program satisfactory to the Bank.

Section 3.04. The Borrower shall cause MOW to prepare and furnish to the Bank, by not later than December 31, 1991, an action program to ensure effective traffic control. After review and comment of said program by the Bank, the Borrower shall adopt and implement a program satisfactory to the Bank.

Section 3.05. For the purpose of implementing Part F of the Project, the borrower shall furnish to the Bank, by not later than December 31, 1990, a time-bound training program covering its fiscal years 1991-1993.

Section 3.06. (a) Not later than December 31 each year, the Borrower shall cause MOW to prepare and furnish to the Bank for its review and comments, a road maintenance work program covering the period of twelve months commencing on the following July 1.

(b) Each road maintenance work program shall set out detailed proposals for the period to which it relates and shall contain information satisfactory to the Bank.

(c) After review and comment on each such work program by the Bank, the Borrower shall cause MOW to make such revisions to such work program paying due regard to any comments emanating from the Bank and, except as the bank shall otherwise agree, the Borrower shall cause MOW to carry out such work program for the year in question as shall have been so revised.

#### 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 six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which

withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and

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

##### Other Covenants

Section 5.01. The Borrower shall cause:

- (a) its road network to be maintained and all necessary repairs thereof to be made, all in accordance with appropriate routine and periodic maintenance practices;
- (b) its road maintenance and workshop equipment to be maintained and all necessary repairs, renewals and replacements thereof to be made, all in accordance with appropriate engineering, administrative and financial practices; and
- (c) all such arrangements to be made or actions to be taken as may be necessary to ensure the timely and adequate provision of funds, facilities and other resources required for the purposes set forth in subparagraphs (a) and (b) of this Section.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for Finance 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:

Telex:

MINFIN  
Port Louis

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:                      Telex:

INTBAFRAD	248423 (RCA)
Washington, D.C.	64145 (WUI)
	82987 (FTCC) 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.

MAURITIUS

By /s/ R. Jaddou  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Callisto E. Madavo  
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 this 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) Works	16,600,000	65%
(2) Goods	7,500,000	100% of foreign expenditures and 85% of local expenditures
(3) Consultants' services and training	2,500,000	100%

(4)	Refunding of Project Preparation Advance	410,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(5)	Unallocated		2,990,000
	TOTAL	30,000,000	

2. For the purpose of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are to assist the Borrower in the: (a) protection of its capital investment in roads by and improving the service life of important road sections with high traffic intensity; (b) strengthening of MOW's capacity for road maintenance planning and operations, including traffic management; and (c) establishment of effective vehicle safety and emission control standards and procedures.

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: Strengthening and improving about 50 kilometers of main roads to the standards set forth in the Annex to this Schedule 2:

1. Black River Road (28 kilometers)
2. Saint Joan Road (2 kilometers)
3. B2 Palma Road (9 kilometers)
4. Flic-en-Flac Road (7 kilometers)

Part B: Carrying out of a four-year (FY 1990-1993) program of resurfacing of about 130 kilometers of roads.

Part C: Carrying out of a four year (FY 1990-1993) program of routine maintenance of about 840 kilometers of main roads and 27 kilometers of motorways, including the acquisition of equipment, materials and supplies.

Part D: Improvement of a circulation system and management of the control of traffic and axle loads, including the acquisition of equipment, materials and supplies.

Part E: Establishment of vehicle safety and emission control standards through the provision of vehicle emission monitoring devices, brakes, headlight and front-end alignment testing equipment.

Part F: Carrying out of a training program, including short courses for middle level management personnel and on-the-job training for technicians and skilled workers, as well as study tours and seminars and provision of fellowships.

\* \* \*

The Project is expected to be completed by June 30, 1993.

ANNEX

Design Standards

Parameters	Design Speed		
	40 km/h	60 km/h	80 km/h
Horizontal curves radii in m:			
- Min. desirable	100	240	425
- Absolute min.	40	120	240
Vertical curves radii in m:			
- Min. desirable crest	1,300		
3,000      10,000			
- Absolute min crest	500	1,300	
3,000			
- Absolute min. sag	700	1,500	
2,200			
Max. Grades %	8	7	6
Min. sight distances in m:			
- Stopping	40	80	120
- Passing	150	270	350
Shoulders and sidewalks widths in m	1.5		1.5
1.5			
Roadways widths in m	7.4-6.4	7.4-6.4	
7.4-6.4			
Road crossfall (% Min.)			
(a) Roadway	2.5	2.5	2.5
(b) Shoulders	4.0	4.0	4.0

SCHEDULE 3

Amortization Schedule

Date Payment Due dollars)*	Payment of Principal (expressed in
On each February 1 and August 1	
beginning August 1, 1995 through February 1, 2007	1,250,000



\* 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) applicable to per to the Loan on the day of repayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

#### SCHEDULE 4

##### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

##### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works 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. Except as provided in Part C hereof, bidders for works included in Part B of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

##### 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 Mauritius 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

Road maintenance equipment estimated to cost the equivalent of \$1,200,000 and specified works under Part

B of the Project up to an aggregate amount not to exceed the equivalent of \$2,500,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of Prequalification:

With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. (a) With respect to each contract estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(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.

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

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

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

