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CREDIT NUMBER 371 TA

Development Credit Agreement

(Fourth Education Project)

BETWEEN

UNITED REPUBLIC OF TANZANIA

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED APRIL 13, 1973

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AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED APRIL 13, 1973

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 13, 1973, between UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02(h) thereof and to the renumbering of Section 6.02(i) into 6.02(h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the term "Project Unit" means the Unit established within the Borrower's Ministry of National Education pursuant to Section 4.01(d) of the Development Credit Agreement (Second Education Project) dated May 29, 1969, between the Borrower and the Association.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to ten million three hundred thousand dollars ($10,300,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for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 described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided,

however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in April 1972, as revised in October 1972, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be June 30, 1978 or such other date as shall be agreed between the Borrower and the Association.

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

Section 2.06. Service charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1983 and ending February 1, 2023, each installment to and including the installment payable on February 1, 1993 to be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2%) of such principal amount.

Section 2.08. The currency of the United Kingdom of Great Britain and Northern Ireland 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 shall carry out the Project through the Project Unit with due diligence and efficiency and in conformity with appropriate technical, educational, financial and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) For the purposes of overall management and coordination in the carrying out of the Project, the Borrower shall expand and maintain the Project Unit with such powers, responsibilities, functions and staff as set forth in Schedule 4 to this Agreement.

(c) The Borrower shall appoint after consultation with the Association and upon terms and conditions mutually satisfactory to the Borrower and the Association: (i) a Project Coordinator to be the head of the Project Unit who shall be made directly responsible to the Assistant Director of National Education (Planning and Development) for the efficient operation of the Project Unit; and (ii) such other staff as referred to in Paragraphs 2(b) to (d) of Schedule 4 to this Agreement.

Section 3.02. The Borrower shall provide appropriate and suitably equipped premises for the Project Unit.

Section 3.03. In order to assist the Borrower in carrying out Part A of the Project, the Borrower shall employ architectural consultants and quantity surveying consultants acceptable to the Association upon terms and conditions mutually satisfactory to the Borrower and the Association.

Section 3.04. In carrying out Part A other than Part A 1(d) of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions mutually satisfactory to the Borrower and the Association.

Section 3.05. In carrying out Part B of the Project, the Borrower shall (i) award the required fellowships to appropriately qualified candidates in accordance with a plan prepared in consultation with the Association and (ii) employ specialists acceptable to the Association upon terms and conditions mutually satisfactory to the Borrower and the Association.

Section 3.06.(a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.07. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall submit to the Association for approval, promptly upon their preparation, the plans and specifications relating to the construction of the educational facilities included in Part A of the Project.

(c) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's accredited representatives to examine the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.08. The Borrower shall take or cause to be taken all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for the construction (and operation) of the facilities included in the Project and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Section 3.09. The Borrower shall cause the construction of the community education centers included in Part A(1)(d) of the Project to be carried out by mobile construction units of the rural centers.

ARTICLE IV

Other Covenants

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained appropriate 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.

Section 4.02. The Borrower shall cause each entity and institution included in the Project to carry out its operations and manage its affairs in accordance with sound administrative, financial, technical and educational policies and

practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 4.03. The Borrower shall: (i) cause the buildings, furniture and equipment of the educational institutions included in the Project to be adequately maintained and shall cause all necessary renewals and repairs thereof to be made; and (ii) establish appropriate administrative and financial procedures for the purpose of such maintenance.

Section 4.04. The Borrower shall, not later than two years after the date of this Agreement or such other date as shall be agreed with the Association, conduct an evaluation of the on-year primary teacher training program and draw up a rationalization plan for the primary teacher training in order to determine the optimal location and size of primary teacher colleges in each region and the appropriate length and structure of the program.

Section 4.05. In order to afford medical students appropriate and adequate clinical experience, the Borrower shall, within six months after the date of this Agreement or such other date as shall be agreed with the Association, submit to the Association for its review a plan for the operation of the Muhimbili Hospital as a teaching hospital and shall introduce such modifications to said plan as the Association shall reasonably request.

ARTICLE V

Consultation, Information and Inspection

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial condition of the departments or agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Credit; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the administration, operations and financial condition of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

ARTICLE VI

Taxes and Restrictions

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

ARTICLE VII

Remedies of the Association

Section 7.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding

to be due and payable immediately together with the service charges thereon, and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

ARTICLE VIII

Effective Date; Termination

Section 8.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01(b) of the General Conditions, namely that the Project Coordinator referred to in Section 3.01(c) of this Agreement has been appointed in accordance with the provisions thereof.

Section 8.02. The date July 12, 1973 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.03. The obligations of the Borrower under Article IV of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty years after the date of this Agreement, whichever shall be the earlier.

ARTICLE IX

Representative of the Borrower; Addresses

Section 9.01. The Minister of the Borrower for the time being responsible for finance is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

The Principal Secretary
The Treasury
P.O. Box 9111
Dar es Salaam
United Republic of Tanzania

Cable address:

TREASURY
Dar es Salaam

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ Paul Bomani

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Bernard R. Bell

Regional Vice President
Eastern 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 amounts of the Credit to each Category and the percentage of eligible expenditures so to be financed in each Category:

	Category	*Amount of the Credit Allocated (Expressed in Dollar Equivalent)*	*% of Expenditures to be Financed*
I.	Civil Works other than those included in Category III	4,400,000	65% of total expenditures
II.	Construction Materials for the community education centers	200,000	100% of foreign expenditures or 65% of total expenditures if produced locally
III.	Faculty of Medicine		
	(a) Civil Works	600,000	65% of total expenditures
	(b) Equipment, Books and Furniture	170,000	100% of foreign expenditures or the ex-factory price if produced locally
	(c) Technical Assistance	1,170,000	80% of total expenditures
IV.	Furniture other than that under Category III	340,000	100% of foreign expenditures or the ex-factory price if produced locally
V.	Equipment and Books other than those under Category III	690,000	100% of foreign expenditures or the ex-factory price if produced locally

	Category	*Amount of the Credit Allocated (Expressed in Dollar Equivalent)*	*% of Expenditures to be Financed*
VI.	Consultants Services under Section 3.03 and Project Unit expenses	250,000	80% of total expenditures
VII.	Technical Assistance other than that under Category III	370,000	80% of total expenditures
VIII.	Unallocated	2,110,000	
	TOTAL	10,300,000	

2. For the purposes of this Schedule:

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

(b) the term "total expenditures" means the aggregate of foreign expenditures and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

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

(a) expenditures prior to the date of this Agreement;

(b) payments for taxes imposed directly under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and

(c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I, II, III(a) or (c), VI or VII shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

Description of the Project

The Project consists of the following parts:

Part A:

(1) The construction, furnishing and equipping of:

(a) three general secondary schools

(b) two pre-service primary teacher training colleges

(c) two vocational training centers

(d) eight community education centers

(2) The extension and the supplementary furnishing and equipping of:

(a) one in-service primary teacher training college

(b) the Faculty of Medicine of the University of Dar es Salaam

(c) the Rural Health Center in Bagamoyo

(3) The provision of operational expenses for, and supplementary furnishing and equipping of, the Project Unit.

Part B:

The provision of a total of about 49 man-years of technical assistance and about 35 man-years of fellowships.

The specific institutions included in the Project, their location and planned capacity, and the approximate areas to be constructed for each institution are set forth in Annex A to this Schedule and the details of technical assistance under Part B hereof are described in Annex B to this Schedule, as such Annexes may be amended from time to time by agreement between the Borrower and the Association.

Part A of the Project is expected to be completed by June, 1977, and Part B of the Project is expected to be completed by December, 1977.

ANNEX A TO SCHEDULE 2

Educational Institutions

Institution	*Location*	*Approximate Construction Area (Ft^2)*	*Planned Capacity*	
			Training	*Boarding*
Part A(1) of the Project				
General Secondary School	Maswa	88,020	640	420
General Secondary School	Lindi	88,020	640	420
General Secondary School	Kibondo	88,020	640	420
Primary Teacher Training College	Mtwara	81,520	480	360
Primary Teacher Training College	Tukuya	81,520	480	360
Vocational Training Center	Mwanza	22,100	300	-
Vocational Training Center	Tanga	22,100	300	-
Community Education Centers (8 Centers)	Dodoma District	95,360	2,400	-
Part A(2) of the Project				
Primary Teacher Training College	Bagamoyo	53,740*	360	240
Faculty of Medicine	Dar-es-Salaam	65,590**	320	120
Rural Health Center	Bagamoyo	6,200	20	20
	TOTAL	692,190	6,580	2,360

* Includes 9,100 square feet of space to be converted.
** Includes 10,000 square feet of space to be converted.

ANNEX B TO SCHEDULE 2

Technical Assistance

I. *Faculty of Medicine*

A. *Medical Faculty*: about 35 man-years of university professional staff to be employed in the faculty, comprising about two man-years in each of the following special subject fields:

1. Basic Sciences: comprising anatomy-histology, physiology, biochemistry, microbiology, pharmacology and pathology;

2. Clinical Medicine: comprising surgery-opthalmology, otolaryngology, anesthesiology, medicine, obstetrics and gynecology, child-health and pediatrics, and psychology; and

3. Community Medicine: comprising community health, epidemiology-biostatistics, behavioral sciences, and parasitology-entomology.

B. *Fellowships*: 35 man-years of external fellowships for prospective members of the Faculty of Medicine.

II. *Management Training*

Management training specialist(s): 2 man-years of specialist services in the identification of management training needs and preparation of a national plan for the development of management training.

III. *Project Unit*

A. Architects: 8 man-years.

B. Civil Engineer: 2-1/2 man-years.

C. Clerk of Works: 1-1/2 man-years.

SCHEDULE 3

Procurement

I. *Contracts Subject to International Competitive Bidding*

Subject to the provisions set forth in Paragraph II of this Schedule and of Section 3.09 of this Agreement, civil works, materials, furniture and equipment shall be procured on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits referred to in Section 2.03 of this Agreement.

A. *Contracts for Civil Works*

1. With respect to any contract for civil works estimated to cost the equivalent of $100,000 or more:

(a) If bidders are required to prequalify, the Borrower shall, before qualification is invited, inform the Association in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Association for its comments before the applicants are notified and the Borrower shall make such additions to or deletions from the said list as the Association shall reasonably request.

(b) Before bids are invited, the Borrower shall furnish to the Association, for its comments, a list of all contracts for civil works to be let in carrying out the Project indicating the estimated value of each contract and the forecast timetable for award, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders. The bidding documents shall, *inter alia*, specify that the bidder may submit bids in respect of individual educational institutions included in the Project or a group of them included in the bid invitation, together with related facilities or any combination thereof, the bids therefor to be opened simultaneously and the Borrower to have the option of awarding to one contractor one contract in respect of all such institutions and facilities,

or separate contracts in respect of several such institutions and facilities to different contractors.

(c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report, by the Project Unit on the evaluation and comparison of the bids received together with the recommendations for award of the said Project Unit, and the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

(d) The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked.

(e) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

2. With respect to any other contract for civil works the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract, together with the analysis of bids, recommendations for award and such other information as the Association shall reasonably request. The Association shall, if it determines that the award of the contract is not consistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

B. *Contracts for Materials, Furniture and Equipment*

1. Before inviting bids, the Borrower shall send to the Association for its approval, the lists of materials, furniture and equipment required for the Project showing the specifications and the estimated unit and total price. Items shall be indexed, coded and numbered for identification regarding the respective educational institution and the spaces for which they are required. Insofar as practicable, contracts for such items shall be for not less than $100,000 equivalent. Amendments to such lists which may be made from time to time shall also be submitted to the Association for approval.

2. Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

3. Procurement shall be limited to those items of materials, furniture and equipment which are specified in the approved lists mentioned in paragraph B.1 above and which shall be identified in contract documents by the same indexes, codes and numbers as in such lists.

4. The Borrower shall send to the Association, after bids have been evaluated, a summary and analysis thereof, and obtain the Association's approval before awarding a contract. In case of a contract to be awarded to other than the lowest bidder, the Borrower shall send to the Association a brief justification by the Project Unit of the proposed award.

5. Promptly after bids have been evaluated and the contract has been awarded, the Borrower shall furnish the Association with the following:

(i) a certificate signed by the Project Coordinator that the goods contracted for are in accordance with the quantities and specifications in the list approved by the Association under paragraph B.1 above; and

(ii) two conformed copies of the contract awarded, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract.

C. *Evaluation of Bids for Materials, Furniture and Equipment*

1. For the purpose of evaluation and comparison of bids, customs duties and other import taxes on imported goods, and sales and similar taxes on locally produced goods, shall be excluded, except to the extent hereinafter provided, and bidders shall be required to state in their bid the c.i.f. (port of entry) price for imported goods, or the ex-factory price for locally produced goods. The cost to the Borrower of inland freight and other expenditures incidental to the delivery of goods to the place of their use or installation shall be taken into account in the evaluation of bids in accordance with paragraph 4.7 of the Guidelines for Procurement.

2. For purposes of the provisions hereinafter set forth, the following terms shall have the following meanings:

(a) Preferred Domestic Bid means a bid offering goods manufactured in the territories of the Borrower if the bidder shall have established to the satisfaction of the Borrower and the Association that the manufacturing cost on such goods includes a value added in the territories of the Borrowers of not less than 20% of the ex-factory bid price.

(b) Non-preferred Domestic Bid means any other bid offering goods manufactured in the territories of the Borrower.

(c) Foreign Bid means any bid other than those specified in (a) or (b) above.

3. For goods included in Categories II through V of the Allocation of Credit Proceeds, a margin of preference may be granted by the Borrower to Preferred Domestic Bids. Such preference shall be granted by adding to each Foreign Bid, for the purpose only of comparison with Preferred Domestic Bids, an amount (hereinafter called "Domestic Preference Margin") equal to the smaller of (i) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the goods offered in the bid, or (ii) 15% of the c.i.f. bid price of such goods.

4. If Preferred Domestic Bids are received, the comparison among all evaluated bids for each contract shall be made in the stages and with the preferences indicated below:

Stage		*Bids to be Compared*	*Preference*
I.		All Preferred Domestic Bids and Non-preferred Domestic Bids.	None
II.	(a)	Lowest evaluated bid under Stage I, if Preferred Domestic Bid, with all Foreign Bids;	Add Domestic Preference Margin to Foreign Bids
		or	
	(b)	Lowest evaluated bid under Stage I, if Non-preferred Domestic Bid, with all Foreign Bids.	None

Stage	*Bids to be Compared*	*Preference*
III.	If lowest evaluated bid under Stage II is not the lowest evaluated bid under Stage I, all Foreign Bids.	None

5. The bidding documents shall clearly indicate any preference which will be granted to Preferred Domestic Bids, the information required to establish the eligibility of a bid for such preference and the methods and stages that will be followed in the valuation and comparison of bids to give effect to such preference.

II. *Contracts Not Subject to International Competitive Bidding*

1. With respect to any contract for materials, furniture or equipment estimated to cost less than $40,000 equivalent, the Borrower may procure such goods under such contracts on a competitive basis in accordance with the normal procurement procedures of the Borrower, provided that the aggregate cost of the goods to be procured in accordance with this procedure shall not exceed $250,000 equivalent.

2. Contracts for civil works for the vocational training centers shall be awarded on a competitive basis in accordance with the normal procurement procedures of the Borrower.

3. Contracts for locally manufactured construction materials for the community education centers shall be awarded on a competitive basis in accordance with the normal procurement procedures of the Borrower.

4. Contracts for books shall be awarded in accordance with the normal procurement procedures of the Borrower.

SCHEDULE 4

The Project Unit

1. Except as the Borrower and the Association shall otherwise agree, the Project Unit referred to in Section 3.01 of the Development Credit Agreement shall have such responsibilities and powers as shall be necessary or incidental to the proper execution and supervision of the Project and, in particular, the following responsibilities and powers:

(a) The coordination of the Project with the Borrower's ministries and other agencies other than the Ministry of National Education;

(b) the design and supervision of construction of Project institutions in Part A(1) and the Primary Teacher Training College in Part A(2);

(c) the selection, briefing, coordination and supervision of architects and contractors provided for in Section 3.03 and Section 3.04 of this Agreement;

(d) the approval of the civil works designs of the educational institutions included in the Project;

(e) the preparation of detailed lists of furniture and equipment required for the Project;

(f) the procurement of civil works, furniture and equipment, including the preparation of bidding documents, the evaluation of bids and recommendations of awards of contracts;

(g) the regular inspection of all construction work;

(h) the maintenance of records, including financial records of the execution of the Project, and the preparation of regular reports to the Association;

(i) the coordination of the selection, briefing and supervision of the specialists and the coordination of the selections of the fellowships provided for in Section 3.05 of this Agreement; and

(j) the preparation of applications for withdrawals from the Credit Account.

2. The said Project Unit shall consist of the following staff appointed on a full-time basis:

(a) a Project Coordinator who shall have overall responsibility for the direction and supervision of the Project Unit's work;

(b) a Deputy Project Coordinator;

(c) an Accountant;

(d) a Procurement Officer;

(e) four Architects;

(f) a Civil Engineer;

(g) a clerk of works;

(h) an adequate number of qualified draftsmen;

(i) three building inspectors; and

(j) such technical, accounting, secretarial and other staff as may be required for the efficient and proper discharge of the Project Unit's responsibilities.