No. 8929

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and MADAGASCAR

Loan Agreement—*Education Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 23 August 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 19 January 1968.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et MADAGASCAR

Contrat d'emprunt — *Projet relatif à l'enseignement* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 23 août 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 19 janvier 1968.

No. 8929. LOAN AGREEMENT[1] (*EDUCATION PROJECT*) BETWEEN THE MALAGASY REPUBLIC AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 AUGUST 1967

AGREEMENT, dated August 23, 1967, between the MALAGASY REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 as amended February 9, 1967,[2] subject, however, to the modification thereof set forth in Section 1.02 of this Agreement, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. For the purposes of the Loan Agreement, Section 4.01 of the Loan Regulations is deleted.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to four million eight hundred thousand dollars ($4,800,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement,

[1] Came into force on 24 October 1967, upon notification by the Bank to the Government of Madagascar.

[2] See p. 232 of this volume.

to withdraw from the Loan Account such amounts as shall be the equivalent of sixty-nine per cent, or of such other percentage as may from time to time be agreed between the Borrower and the Bank, of such amounts as shall have been expended by the Borrower for the reasonable cost of goods to be financed out of the proceeds of the Loan; provided, however, that no withdrawals shall be made on account of: (i) expenditures prior to June 1, 1967, or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account shall be made in dollars or in such other currency or currencies as the Bank shall reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall carry out the Project with due diligence and efficiency, in conformity with sound technical standards and with due regard to economy.

(*b*) The Borrower shall cause the educational institutions included in the Project to be operated so as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

(*c*) The Borrower shall cause the buildings and equipment of the educational institutions included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(*d*) The Borrower shall maintain a special unit within its Ministry of Public Works headed by a Project Director acceptable to the Bank, to be responsible for the supervision and proper execution of the Project.

(*e*) In the carrying out of the Project the Borrower shall employ or cause to be employed qualified and experienced architects, engineers and other consultants acceptable to the Borrower and the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

(*f*) Except as the Bank shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank.

(*g*) Upon request from time to time by the Bank, the Borrower shall promptly furnish to the Bank for its approval the plans, specifications, contracts and work schedules for the construction included in the Project and the master lists of instructional equipment and furnishings included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

Section 5.02. The Borrower shall at all times make or cause to be made available promptly as needed all funds, facilities and other resources, including land, required for the carrying out of the Project and for the effective utilization, staffing, equipping, operation and maintenance of the educational institutions included in the Project, and shall make such budgetary allocations or other appropriate arrangements as shall be necessary for the purpose.

Section 5.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 5.04. (*a*) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(*b*) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(*c*) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.05. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the