
LOAN NUMBER 3002 GU

Loan Agreement

(Secondary and Regional Road Rehabilitation Project)

between

REPUBLIC OF GUATEMALA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated

May 21

, 1993

LOAN AGREEMENT

AGREEMENT, dated *May 21*, 1993, between the REPUBLIC OF GUATEMALA (the Borrower) and 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 modifications set forth below (the General Conditions), constitute an integral part of this Agreement.

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

(b) In Section 6.02, subparagraph (k) is relettered as subparagraph (l) and a new subparagraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Q" or "Quetzales" means the currency unit of the Borrower;

(b) "MCTOP" means the Borrower's Ministry of Communications, Transport and Public Works;

(c) "DGC" means the Borrower's General Directorate of Roads;

(d) "Subproject" means any investment under Parts A, B and C of the Project to be partially financed out of the proceeds of the Loan and which is included in the Pluriannual Road Program;

(e) "Pluriannual Road Program" means the Borrower's road investment program under DGC's responsibility, with the corresponding funding and targets for implementation for the years 1993 through 1996 furnished by the Borrower to the Bank on today's date, as such Pluriannual Road Program may be revised from time to time pursuant to the provisions of Section 3.03 of this Agreement;

(f) "Investment" means any investment (including Sub-projects) included in the Pluriannual Road Program;

(g) "Action Plan" means the action plan set forth in Schedule 5 to this Agreement; and

(h) "DGC's Program Coordination Unit" means the unit referred to in Section 3.01 (c) of this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of thirty-one million five hundred thousand dollars (\$31,500,000), 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 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.

Section 2.03. The Closing Date shall be June 30, 1998, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

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

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

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

(c) For the purposes of this Section:

- (i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

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

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

"(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 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through MCTOP with due diligence and efficiency and in conformity with appropriate administrative, economic, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall

otherwise agree, the Borrower shall carry out the Action Plan set forth in Schedule 5 to this Agreement.

(c) The Borrower shall maintain, in DGC, a Program Coordination Unit with functions and responsibilities, and with qualified staff, all satisfactory to DGC and to the Bank.

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: (a) not later than July 31 each year, update its Pluriannual Road Program following policies and criteria satisfactory to the Bank; and (b) furnish to the Bank the results of such review with a list of the investments (including those under the Project) proposed to be included in such Pluriannual Road Program.

Section 3.04. Except as the Bank shall otherwise agree, each Investment shall meet the following criteria: (a) have an economic rate of return of at least twelve percent (12%), calculated in accordance with a method satisfactory to the Bank; and (b) conform to designs and specifications, and environmental criteria acceptable to the Bank.

Section 3.05. When presenting to the Bank any Subproject for approval, the Borrower shall furnish to the Bank an application, in form acceptable to the Bank, together with: (a) the appraisal of the Subproject, including a summary description of the expenditures proposed to be partially financed out of the proceeds of the Loan; (b) the proposed design standards and specifications of the Subproject; (c) an economic, technical and environmental evaluation of the Subproject; and (d) such other information as the Bank shall reasonably request.

Section 3.06. The Borrower shall continue to follow its policy of recovering routine and periodic maintenance costs of road infrastructure use in accordance with criteria satisfactory to the Borrower and to the Bank.

Section 3.07. The Borrower shall carry out Part E of the Project in accordance with a training program, including the schedule therefor, satisfactory to the Bank.

Section 3.08. The Borrower shall, without limitation to the provisions of Section 9.07 of the General Conditions, prepare and furnish to the Bank, semiannual reports, in a format satisfactory to the Bank providing, inter alia, the following information: (a) the listing of contracts related to each Subproject; (b) progress of the execution of Subprojects; (c) progress in the implementation of the Project; and (d) the schedule of estimated withdrawals from the Loan Account.

Section 3.09. The Borrower shall, not later than July 31 of each year:

(a) review with the Bank its compliance with the Action Plan during the previous year, and the status of implementation of the Pluriannual Road Program, including the program targets and the evolution of each source of funding, and the Subprojects; and

(b) inform the Bank on the proposed modifications to the Action Plan, the Pluriannual Road Program and the Subprojects.

Section 3.10. (a) The Borrower shall make arrangements satisfactory to the Bank with an institution satisfactory to the Bank for purposes of providing assistance to the Borrower in the carrying out of Part F of the Project (other than Part F.6 thereof).

(b) The Borrower shall, through MCTOP, enter into an agreement, satisfactory to the Bank, with the Borrower's Institute for Anthropology and History providing for such Institute's involvement in the assessment of cultural property matters related to the Borrower's road sector under DGC's responsibility.

(c) The Borrower shall, through MCTOP, enter into an agreement, satisfactory to the Bank, with the Borrower's Comisión Nacional del Medio Ambiente providing for such Comisión's involvement in the monitoring of the environmental effects of Investments in the road sector under DGC's responsibility.

(d) The Borrower shall exercise its rights under the arrangements and agreements referred to in paragraphs (a), (b) and (c) of this Section in such a manner so as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan and, except as the Bank shall otherwise agree, the Borrower

shall not assign, modify, amend, abrogate or waive such arrangements or agreements or any provision thereof.

Section 3.11. The Borrower shall: (a) cause all its roads to be adequately maintained and cause all necessary repairs thereof to be made, all in accordance with appropriate engineering and management practices; (b) cause all equipment for road maintenance and workshops to be adequately maintained and cause all necessary repairs and renewals thereof to be made, all in accordance with appropriate engineering and management practices; (c) take all action necessary: (i) to increase the use of contractors in the periodic maintenance of its primary and secondary roads with the objective of increasing the annual participation of contractors in such works to at least 60% of the aggregate value of the expenditures related to such periodic maintenance by December 31, 1993; and (ii) to continue to employ contractors in the construction and rehabilitation of any of its primary and secondary roads so constructed or rehabilitated; and (d) make available, promptly as needed, the funds, facilities, services and other resources required for the above purposes.

Section 3.12. The Borrower shall ensure that: (a) DGC efficiently monitors the compliance of its vehicle dimension and axle-load regulations (Reglamento para el Control de Pesos y Dimensiones de Vehículos Automotores) in force on the date of this Agreement; and (b) DGC monitors the data collected in the enforcement of such regulations and exchanges views annually with the Bank on the results of such monitoring.

Section 3.13. The Borrower shall, through DGC, upon conclusion of the study referred to in Part F.4 of the Project, incorporate the use of a road maintenance and equipment management system satisfactory to the Bank, in each of the Borrower's road districts, in accordance with a schedule satisfactory to the Bank, with the objective of incorporating such management system in all its road districts by June 1, 1995.

Section 3.14. The Borrower shall maintain MCTOP's expenditures for unqualified maintenance personnel at the 1992 levels of 15.4% of DGC's total maintenance expenditures, as registered in the facsimile sent by DGC's Director General to the Bank on April 26, 1993.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate 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 five 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
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the Borrower shall have made the arrangements referred to in Section 3.10 (a) of this Agreement; and

(b) that the Borrower shall have entered into the agreements referred to in Section 3.10 (b) and (c) of this Agreement.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank: (a) that the arrangements referred to in Section 3.10 (a) of this Agreement are legally binding upon the parties thereto; and (b) that the agreements referred to in Section 3.10 (b) and (c) of this Agreement have been duly entered into by and are legally binding upon the parties thereto.

Section 5.03. The date of *August 19, 1993* is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Ministro de Finanzas Públicas 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:

Ministerio de Finanzas
Centro Cívico
8ª Avenida, Calle 21, Zona 1
Guatemala, Guatemala

Cable address:

MINFIP
Guatemala

Telex:

9207
MINFIP GU

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

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 GUATEMALA

By 

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 

Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works for Parts A, B and C of the Project	19,740,000	60%
(2) Engineering designs for Parts A and B of the Project	1,540,000	60%
(3) Construction super- vision under Parts A and B of the Project	1,320,000	60%
(4) Equipment for Parts D and E of the Project	4,160,000	100% of foreign expenditures and 85% of local expenditures
(5) Consultants' services for Part F of the Project	1,730,000	100%
(6) Services under Section 3.10 (a) of this Agreement	50,000	100%
(7) Unallocated	2,960,000	
TOTAL	<u>31,500,000</u> =====	

2. For the purposes 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: (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$1,500,000 (including the formulation of the Project under Part F.1 of the Project), may be made on account of payments made for expenditures before that date but after June 15, 1992, provided, however, that, in the case of expenditures for Project formulation under Part F.1 of the Project, the date in question shall be deemed to be May 19, 1992, and further provided that, in all cases, the respective withdrawal applications are received within 90 days from the Effective Date; and (b) Category (1) unless the respective Subproject shall have been approved by the Bank.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to strengthen the administrative and operational capabilities of DGC; (b) to rehabilitate and maintain damaged secondary and regional roads; (c) to promote the role of the private sector in the execution of public works; and (d) to assist in enhancing MCTOP's capabilities for transport planning and policy making.

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: Secondary Road Rehabilitation and Improvement

Rehabilitation, subject to the results of the feasibility study to be carried out under Part F.1 of the Project of about 38 kilometers of secondary roads in the locations specified in Part A of the Annex to this Schedule, including engineering design and supervision of civil works; and engineering designs for rehabilitation and improvement of about 349 kilometers of secondary roads in the locations specified in such Part A.

Part B: Altiplano Road Rehabilitation and Strengthening

Rehabilitation of about 97 kilometers of paved roads in the Altiplano region in the locations specified in Part B of the Annex to this Schedule, including supervision of civil works; and engineering designs for paved road rehabilitation and strengthening of about 125 kilometers of paved roads, also in the Altiplano region, in the locations specified in such Part B.

Part C: Construction of Bridges for Secondary and Tertiary Roads

Construction of about 60 bridges, totalling about 415 linear meters, in secondary and tertiary roads.

Part D: Equipment

Acquisition and utilization of road maintenance equipment and of equipment for the technical and administrative departments of DGC required for the implementation of the Pluriannual Road Program.

Part E: Training

1. Implementation of a management, technical and administrative training program for DGC's staff, including:
 - (a) in-house training; and
 - (b) study visits abroad.
2. Studies on occupational analysis, training evaluation and follow-up.

Part F: Technical Assistance and Studies

1. Formulation of the Project, feasibility study for the Subproject under Part A of the Project, bridge evaluation for purposes of Part C of the Project, and implementation of a model for highway design and maintenance to assist in the formulation of pluriannual road investment programs under budget constraints.
2. Development and implementation of a system for monitoring of Investments to enable DGC to follow up on expenditures and funding requirements of the Pluriannual Road Program.
3. Study for the strengthening of DGC's procedures for works supervision.
4. Study of pavement evaluation techniques and road maintenance and equipment management systems.
5. Improvement of DGC's financial management system.
6. Preparation of a national transport plan.

* * *

The Project is expected to be completed by December 31, 1997.

ANNEX TO SCHEDULE 2

Part A: Secondary Road Rehabilitation and Improvement

Engineering Designs

<u>No.</u>	<u>Route</u>	<u>Section</u>	<u>Length (km)</u>
1	RN7W	Chiantla - Sacapulas	58.0
2	RN7E	San Julián - Panzós	89.1
3	RN18	San José Pinula - Mataquesuintla	55.6
4	RN7E	Panzós - El Estor	44.7
5	RN9N	Desvío Todos Santos - Santa Eulalia	61.3
6	RN9N	Chiantla - Desvío Todos Santos	21.0
7	RN14	Escuintla - Antigua Guatemala	38.0
8	RN14	Antigua Guatemala - Chimaltenango	19.0
Total			386.7

Works

9	RN14	Escuintla - Antigua Guatemala	38.0
Total			38.0

Part B: Altiplano Road Rehabilitation and Strengthening

Engineering Designs

<u>No.</u>	<u>Route</u>	<u>Section</u>	<u>Length (km)</u>
1	CA2W	Retalhuleu - Coatepeque	51.1
2	CA1W	Tecpán - Chupol	21.0
3	CA1W	Chupol - Los Encuentros	18.5
4	RN01	San Juan Ostucalco - San Marcos	34.4
Total			125.0

Works

5	CA1W	Los Encuentros - 4 Caminos	61.8
6	CA2W	Popoyá - Nahualate	34.8
Total			96.6

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
August 15, 1998	590,000.00
February 15, 1999	610,000.00
August 15, 1999	635,000.00
February 15, 2000	655,000.00
August 15, 2000	680,000.00
February 15, 2001	705,000.00
August 15, 2001	735,000.00
February 15, 2002	760,000.00
August 15, 2002	790,000.00
February 15, 2003	820,000.00
August 15, 2003	850,000.00
February 15, 2004	880,000.00
August 15, 2004	910,000.00
February 15, 2005	945,000.00
August 15, 2005	980,000.00
February 15, 2006	1,020,000.00
August 15, 2006	1,055,000.00
February 15, 2007	1,095,000.00
August 15, 2007	1,135,000.00
February 15, 2008	1,180,000.00
August 15, 2008	1,220,000.00
February 15, 2009	1,265,000.00
August 15, 2009	1,315,000.00
February 15, 2010	1,365,000.00
August 15, 2010	1,415,000.00
February 15, 2011	1,465,000.00
August 15, 2011	1,520,000.00
February 15, 2012	1,575,000.00
August 15, 2012	1,635,000.00
February 15, 2013	1,695,000.00

* 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

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

<u>Time of Prepayment</u>	<u>Premium</u>
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than eleven years before maturity	0.55
More than eleven years but not more than sixteen years before maturity	0.80
More than sixteen years but not more than eighteen years before maturity	0.90
More than eighteen 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 1992 (the Guidelines). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Bank, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in bid evaluation.

2. Bidders for the works included under Part A of this Schedule estimated to cost the equivalent of \$1,000,000 or more shall be prequalified as described in paragraph 2.10 of the Guidelines.

3. To the extent practicable, contracts for goods and civil works shall be grouped in bid packages estimated to cost the equivalent of, respectively \$100,000 and \$500,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, a margin of preference may be granted to bids offering goods described in the corresponding specification which are manufactured in Guatemala in accordance with, and subject to, the provisions of paragraph 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix thereto.

Part C: Other Procurement Procedures

1. Local Competitive Bidding

Contracts for civil works or, subject to paragraph 2 below, goods estimated to cost less than the equivalent of \$500,000 and \$100,000, respectively per contract, or bid package, as the case may be, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Limited International Bidding

Subject to paragraph 3 (below) ancillary equipment such as personal computers, software, office or training equipment, and vehicles, estimated to cost the equivalent of \$25,000 or more but less than the equivalent of \$100,000, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of qualified suppliers eligible under the Guidelines the number of which shall be sufficient, in the Bank's opinion, to ensure competition, and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

3. Shopping

Items described in 2 above or groups of such items estimated to cost less than the equivalent of \$25,000 per contract, up to an aggregate amount not to exceed the equivalent of \$350,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers which, in the case of international shopping, shall be from at least two different countries eligible under the Guidelines, all in accordance with procedures acceptable to the Bank.

Part D: Additional Procurement Provisions

1. Without limitation upon the provisions of the Guidelines or the Consultant Guidelines in respect of procurement of goods, works

or services, and pursuant to the provisions in respect of international agreements of the Guatemalan Law concerning public sector procurement currently in effect:

(a) In respect of bidding procedures under Part A of this Schedule, no registration procedure shall be required, or understood to be required, as pre-conditions to bidding, except where a prequalification procedure for intended bidders has been agreed with the Bank and only to the extent that the criteria to enable registration are not stricter than those for prequalification. In respect of competitive bidding governed by the provisions of Part C.1 of this Schedule, pre-registration may be used to the extent that it shall not prevent foreign bidders to participate in any bidding process and that it shall be achieved through ad-hoc procedures agreed from time to time between the Borrower and the Bank.

(b) No prior registration shall be required for consultant services, and foreign consultants shall be allowed to participate freely in the selection process even when local consultants shall be available for the concerned services; and any public notice required by legal provisions in effect in Guatemala and related to the acquisition of services to be provided by consultants or experts, shall be deemed applicable only to the extent that the public notice in question is made as a way of soliciting expressions of interest but not as an invitation to participate in the process.

(c) The bidding documents shall make clear that bids shall be submitted during a period the length of which shall require prior acceptance by the Bank, and it shall not be required that bids be submitted personally to any individual or group of individuals; the end of the period in question shall coincide, unless otherwise agreed with the Bank, with the moment stipulated for bid opening in the bidding documents. No bidder shall be disqualified if the price of the corresponding bid falls above or below a pre-determined given value, or out of a post-bid-presentation-determined price band.

(d) Bid and performance securities shall, at the bidders' option, be denominated in the currency of the bid or any other currency commonly used in international transactions, and shall be issued by any bank or insurance company located in Guatemala or abroad, acceptable to the Borrower and the Bank.

2. Unless otherwise agreed between the Borrower and the Bank, the Borrower shall invite bids in regard of the procurement of goods, civil works and services for the Project exclusively on the basis of standard documents agreed with the Bank from time to time and shall

inform the Bank on any proposed departure from said documents before any such tender is made public.

Part E: 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. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract (or bid package) for goods estimated to cost the equivalent of \$100,000 or more, each contract (or bid package) for civil works estimated to cost the equivalent of \$500,000 or more, and the three first contracts (or bid packages) proposed to be awarded under Part C.1 above (or such larger number of contracts or packages as the Bank shall require if the Bank would have raised objections in respect of the award of one or more of said three first contracts or bid packages) the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract or bid packages 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 subparagraph (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 Parts A, B, E and F of the Project, the Borrower shall employ transport planning, highway management, engineering design and supervision 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 (the Consultant Guidelines).

SCHEDULE 5

Action Plan

	<u>Action</u>	<u>Date</u>
1.	Furnish to the Bank a transport plan, including a program for policy implementation for the period 1996 through 2000, satisfactory to the Bank.	June 1, 1995
2.	Commence implementation of the transport plan and program referred to in 1 above.	January 1, 1996 through December 31, 2000 as set forth in such plan and program
3.	(a) Contract the services of the consultants to carry out Parts F.1 and F.2 of the Project.	January 1, 1994
	(b) Commence implementation of the recommendations of the consultants employed for purposes of Parts F.1 and F.2 of the Project.	August 1, 1994
4.	Incorporate the DGC's Program Coordination Unit into the permanent administrative structure of DGC with revised functions and responsibilities, and with qualified staff, all satisfactory to the Bank.	January 1, 1996
5.	Adopt cost-accounting and computerized accounting systems for DGC.	February 1, 1995

<u>Action</u>	<u>Date</u>
6. Commence implementation of the recommendations resulting from the study referred to in Part F.3 of the Project.	June 1, 1995
7. Acquire mobile equipment for purposes of Section 3.12 of the Loan Agreement.	January 1, 1994
8. Commence implementation of the recommendations on pavement evaluation resulting from the study referred to in Part F.4 of the Project.	April 1, 1995
9. Strengthening DGC's training unit by providing it with: (a) revised functions and responsibilities; and (b) adequate resources, including qualified staff, all in a manner satisfactory to the Bank.	January 1, 1995