

PD-GAB 761

A.I.D. Project Number 272-0103

PROJECT

LOAN AGREEMENT

FIRST AMENDMENT

Between

THE SULTANATE OF OMAN

and

THE UNITED STATES OF AMERICA

for

SCHOOL CONSTRUCTION

Date: 7 April 1984

PROJECT LOAN AGREEMENT

FIRST AMENDMENT

Dated 7 April 1984

BETWEEN

The Sultanate of Oman

AND

The United States of America, acting through the Agency
for International Development (A.I.D.)

WHEREAS, on September 25, 1983, the Sultanate of Oman and
the United States of America, acting through A.I.D. ("Parties")
entered into a Project Loan Agreement whereby A.I.D. lent to the
Sultanate of Oman Twelve Million Five Hundred Thousand United States
Dollars (\$12,500,000) to finance local currency costs, as defined in
Section 7.1, of goods and services required for the Project; and

WHEREAS, the Parties now wish to amend the Loan Agreement to
provide an additional Ten Million United States Dollars (\$10,000,000)
for the purposes set out in the Loan Agreement and this amendment
thereto;

NOW THEREFORE, the Parties hereby agree as follows:

1. Section 3.1, "The Loan" of the Loan Agreement is amended by deleting the phrase Twelve Million Five Hundred Thousand United States (U.S.) Dollars (\$12,500,000) ("Loan") and substituting therefore the phrase Twenty-Two Million Five Hundred Thousand United States (U.S.) Dollars (\$22,500,000) ("Loan").

2. Annex I, Section II. D. "Schedule for Meeting Conditions Precedent in Section 5.2" is amended by deleting "first A.I.D. Loan (\$12,500,000) approved by 2/29/84" and substituting "amended A.I.D. Loan (\$22,500,000) approved by 5/31/84."

3. Annex I, Section III. A. "Financial Plan" of the Loan Agreement is amended by deleting the phrase "and it is anticipated that, subject to the availability of funds and to the agreement of the parties to proceed, that A.I.D.'s U.S. Fiscal Year 1984 contribution will be \$10.0 million" and substituting the phrase "and A.I.D.'s second contribution is \$10.0 million of the Fiscal Year 1984 funds."

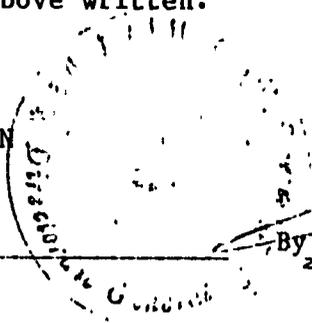
4. Except as specifically amended hereby, the Loan Agreement dated September 25, 1983, between the Sultanate of Oman and the United States of America shall remain in full force and effect.

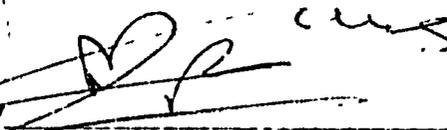
IN WITNESS WHEREOF, the Sultanate of Oman and the United States of America each acting through its duly authorized representatives, have caused this First Amendment to be signed in their names and delivered as of the day and year first above written.

FOR THE SULTANATE OF OMAN

By 

Deputy Chairman
Financial Affairs Council



By 

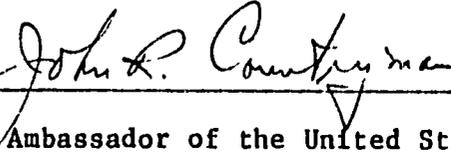
Undersecretary
Directorate General of Finance

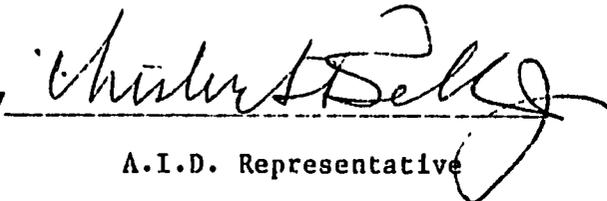
IMPLEMENTING AGENCY

By 

Minister
Ministry of Education and Youth Affairs

FOR THE UNITED STATES OF AMERICA

By 
Ambassador of the United States

By 
A.I.D. Representative

PROJECT

LOAN AGREEMENT

Between

THE SULTANATE OF OMAN

and

THE UNITED STATES OF AMERICA

for

SCHOOL CONSTRUCTION

A.I.D. Project Number 272-0103

PROJECT LOAN AGREEMENT

Dated September 25, 1983

BETWEEN

The Sultanate of Oman ("Borrower"), represented by the Directorate General of Finance, with the Ministry of Education and Youth Affairs as implementing agency,

AND

The United States of America, acting through the Agency for International Development ("A.I.D.").

ARTICLE 1 THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE 2 THE PROJECT

SECTION 2.1. Definition of the Project

The Project, which is further described in Annex 1, will consist of design, supervision, and construction of approximately 48 schools in the Sultanate of Oman. Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.3, without formal amendment of this Agreement.

Section 2.2 Incremental Nature of Project

A.I.D.'s contribution to the project will be provided in increments, the initial one being available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

ARTICLE 3 FINANCING

SECTION 3.1. The Loan

(a) To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Twelve Million Five Hundred Thousand United States ("U.S." Dollars (\$12,500,000) ("Loan"). The aggregate amount of disbursements under the loan is referred to as "Principal."

(b) The Loan may be used to finance local currency costs, as defined in Section 7.1, of goods and services required for the Project.

SECTION 3.2. Borrower Resources for the Project

(a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The funds provided by Borrower for the Project will be not less than the amount disbursed from this loan.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1986, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all portions of the Project financed jointly by them on a Fixed Amount Reimbursement (FAR) basis will have been completed, as contemplated in this Agreement.

TDDA (b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the loan for FAR portions of the Project completed subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE 4 LOAN TERMS

SECTION 4.1. Interest

The Borrower will pay to A.I.D. interest which will accrue at the rate of five percent (5%) per annum on the outstanding balance of

Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.4) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment

The Borrower will repay to A.I.D. the Principal within twenty (20) years from the date of the first disbursement of the Loan in thirty-one (31) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable four and one-half (4 $\frac{1}{2}$) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the loan.

SECTION 4.3. Application, Currency, and Place of Payment

All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment

Upon payments of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal.

Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms

(a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of the Sultanate of Oman, which enables the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.2, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.2, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under Subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Undersecretary of the Ministry of Finance in the Sultanate of Oman.

Section 4.6. Termination of Full Payment

Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

ARTICLE 5 Conditions Precedent to Disbursement

SECTION 5.1. First Disbursement

Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 9.3., and of any additional representatives, together with a specimen signature of each person specified in such statement;

(c) Evidence that the Project has been approved by the two Co-Chairmen of the Omani-American Joint Commission for Economic and Technical Cooperation established by an Agreement of August 19, 1980, between the United States of America and the Sultanate of Oman (the "Joint Commission").

SECTION 5.2. Specific Disbursements

Prior to any disbursement under the Loan, or to the

issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any particular school, the Borrower shall, except as the parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

The design and construction package for such school, including plans and technical specifications, and a detailed cost estimate.

SECTION 5.3 Notification

When A.I.D. has determined that the conditions precedent specified in Section 5.1 and Section 5.2 have been met, it will promptly notify the Borrower.

SECTION 5.4 Terminal Dates for Conditions Precedent

(a) If all of the conditions specified in Section 5.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Borrower.

(b) If the conditions specified in Section 5.2 have not been met within the time periods contained in Annex 1 hereto, or such other dates as A.I.D. may agree to in writing, A.I.D. at its option may cancel the then undisbursed balance of the assistance to the extent not irrevocably committed to third parties and may terminate this Agreement by written notice to the Borrower. In the event of such termination the Borrower will repay immediately the Principal then outstanding and any accrued interest. On receipt of such payment in full, this Agreement and all obligations of the Parties hereunder will terminate.

ARTICLE 6 SPECIAL COVENANTS

SECTION 6.1. Project Evaluation

The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 6.2. Land

The Borrower shall ensure that the land on which project schools are located is publicly owned.

SECTION 6.3. Maintenance and Equipment

The Borrower shall ensure that adequate maintenance and teaching materials will be provided for each school.

ARTICLE 7 PROCUREMENT SOURCE

Section 7.1. Local Currency Costs

Disbursements pursuant to Section 8.1 will be used exclusively to finance the cost of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in

writing, their origin in the Sultanate of Oman ("local currency costs"). To the extent provided under this Agreement "Local Currency Costs" may also include the provision of local currency resources required for the project.

ARTICLE 8 DISBURSEMENTS

Section 8.1. Disbursement for Local Currency Costs

Upon satisfaction by the Borrower of the conditions precedent set forth in Article 5, the Borrower, from time to time, may request disbursement by A.I.D. of the United States Dollars in accordance with procedures set forth in Annex 1 hereto or in implementation letters. Such disbursement shall be made to reimburse the Borrower for local currency costs of eligible items procured for the Project in accordance with the terms and conditions of this Agreement, upon submission to A.I.D. of such supporting documentation as A.I.D. may prescribe in Annex 1 or in implementation letters.

Section 8.2. Other Forms of Disbursement

Disbursements of the loan may also be made through such other means as the Parties may agree to in writing.

Section 8.3. Rate of Exchange

The rate of exchange for determining the dollar equivalent of the approved amount for reimbursement shall be the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Sultanate of Oman.

Section 8.4. Date of Disbursement

Disbursements by A.I.D. will be deemed to occur on the date

on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a letter of commitment, contract, or purchase order.

ARTICLE 9 MISCELLANEOUS

SECTION 9.1. Investment Guaranty Project Approval

Construction work to be financed under this Agreement is agreed to be a project approved by the Sultanate of Oman pursuant to the Agreement between it and the United States of America on the subject of investment guaranties, and no further approval by the Sultanate of Oman will be required to permit the United States to issue investment guaranties under that Agreement covering a contractor's investment in that project.

SECTION 9.2. Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Borrower:

Relating to all responsibilities of the Borrower under the Loan:

Mail Address: Directorate General of Finance

P. O. Box 506

Muscat, Sultanate of Oman

Cable Address: 5333 MALIYA MB, Muscat, Oman

Relating to the implementation and technical matters:

Mail Address: Ministry of Education and Youth Affairs

P. O. Box 3

Muscat, Sultanate of Oman

Cable Address: 3369 MB EDUOMAN, Muscat, Oman

To A.I.D. :

Mail Address: United States Agency for International

Development

c/o Omani-American Joint Commission

P. O. Box 6001

Ruwi, Sultanate of Oman

Attn: United States Representative

Cable Address: Omani-American Joint Commission

P. O. Box 6001

Ruwi, Sultanate of Oman

All such communications will be in English, unless the parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 9.3. Representatives

For all purposes relevant to this Agreement the Borrower will be represented by the individual holding or acting in the office of the Undersecretary of the Directorate General of Finance, with the individual holding or acting in the office of Ministry of Education and Youth Affairs designated as the representative responsible for implementation of the Project. A.I.D. will be represented by the United States Representative to the Omani-American Joint Commission. Each of

these may, by written notice, designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified Project description in Annex 1. The names of the representatives of the Borrower, with specimen signatures, will be provided A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

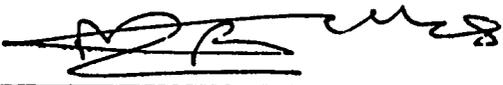
SECTION 9.4 Standard Provisions Annex

A "Project Loan Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Sultanate of Oman and the United States of America each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

FOR THE SULTANATE OF OMAN

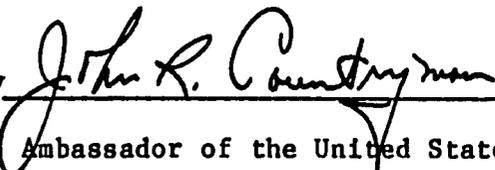
By  _____
Deputy Chairman
Financial Affairs Council

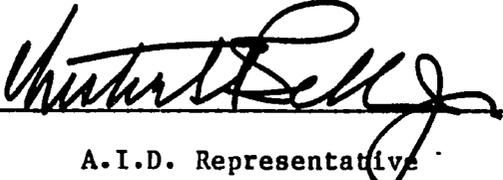
By  _____
Undersecretary
Directorate General of Finance

IMPLEMENTING AGENCY

By  _____
Minister
Ministry of Education and Youth Affairs

FOR THE UNITED STATES OF AMERICA

By  _____
Ambassador of the United States

By  _____
A.I.D. Representative

SCHOOL CONSTRUCTION PROJECT

Loan No. 272-0103

I. PROJECT DESCRIPTIONA. General Description

The Project will consist of the design, supervision, and construction of approximately 606 classrooms in approximately 48 primary and intermediate schools. In general, each of the schools will have from 6 to 26 classrooms. All schools will have the usual ancillary services besides the standard (typical) and special (multi-purpose) classrooms: administration, teachers' room and lounge, first aid station, gate house and custodians' quarters, toilets, etc. The school yards will have outdoor sports facilities: basketball and volleyball courts and a soccer field. Access to utilities (electricity, water and sewer) will be provided by the municipalities, if available, or at the more remote locations included in the design (generator, well and septic tank) as part of the construction contract.

All schools to be built under this project will be similar to those built by the Ministry of Education and Youth Affairs (MOEYA) in the 1981 and 1982 school construction programs, except that a somewhat less expensive design/construction approach will be used in 1983. This less costly "economic" school will utilize less costly materials and less elaborate interior treatment, e.g. walls will be painted only, rather than plastered and painted, etc.

The proposed project schools will be located as follows:

<u>Area</u>	<u>No. of Schools</u>
Capital	11
Batinah	10
Rustaq	6
Al-Wasta	5
Dakhliyah	6
Dhahira	8
Sharqiah	<u>2</u>
Total	48

Table 1 lists the schools and their exact locations.

The above schools constitute part of MOEYA's program for construction of 67 primary and secondary schools in 1983. In the event that A.I.D. is unable to disburse the full amount of

the A.I.D. loan(s) for the 48 schools identified in Table 1, other 1983 schools from the list of "alternate schools" in Table 1 will be selected for reimbursement up to the loan amount.

II. IMPLEMENTATION PLAN

A. Administrative Arrangements

The MOEYA will be the implementing agency with its Projects Department (MOEYA/PD) having primary responsibility for technical approvals. Architectural/engineering design and construction supervision will be done by private architectural and engineering (A&E) firms operating locally. Construction will be carried out by pre-qualified general contractors operating locally. All contracts will be awarded in accordance with normal Government of Oman contracting procedures.

The A.I.D. Loan will be disbursed on a Fixed Amount Reimbursement (FAR) basis. Under the FAR disbursement system, A.I.D. agrees to disburse, directly to the Borrower, a "fixed amount," which is determined before the construction of a facility begins. The Fixed Amount, or a portion thereof, is paid when the Borrower affirms to A.I.D. that certain physical objectives have been attained (see section III.C. below).

B. Project Monitoring

The FAR method involves monitoring and inspection for project certification. This monitoring and inspection will be accomplished by an engineer, who is a direct hire employee of A.I.D., visiting and inspecting each school project on a periodic basis. The A.I.D. engineer will ascertain that work is progressing in accordance with the Loan Agreement, and will certify requests for disbursements for each school.

C. Project Approval of Each School

The MOEYA must submit the design and construction "package" for each school to A.I.D. to meet the requirement of condition precedent 5.2 of the Loan Agreement. This package will consist of plans, technical specifications, and a final detailed cost estimate. Upon satisfactory submission of this design and construction package, A.I.D. will issue a Project Implementation Letter ("PIL") for the school, approving the package and designating the exact amount of A.I.D. participation, which will be 50 percent of the approved final cost estimate. This design and construction package should be approved before award of the construction contract.

D. Schedule for Meeting Conditions Precedent in Section 5.2

It is estimated that detailed plans and cost estimates will be approved according to the following schedule:

First 16 school projects approved by 1/31/84.

Remaining school projects funded by the first A.I.D. Loan (\$12,500,000) approved by 2/29/84.

III. FINANCIAL PLAN

A. Financial Plan

The total estimated project cost of \$45,000,000 is as shown in Table 2. A.I.D.'s first contribution is \$12.5 million, of U.S. Fiscal Year 1983 funds, and it is anticipated that, subject to the availability of funds and to the agreement of the parties to proceed, that A.I.D.'s U.S. Fiscal Year 1984 contribution will be \$10.0 million. A.I.D. will finance up to fifty percent of the estimated cost of design, supervision and construction of individual schools. The Government of Oman will finance all remaining costs of design, supervision and construction and one hundred percent of the land.

B. Local Currency Costs

Commodities used in the project will be indigenous to Oman (i.e. of Omani source and origin), except that they may be imported shelf items in an amount up to fifty percent of the total cost of commodities for the project. Imported shelf items, which are items normally kept in stock for resale and are not imported specifically for this project, may have their origin in any country included in A.I.D. Geographic Code 899.

C. Construction Reimbursement Plan and Procedures

A modified Fixed Amount Reimbursement (FAR) method will be followed in financing the school construction projects. Reimbursement will be made for each school building upon the completion of certain stages of work. These stages are:

1. First Forty Percent on completion of construction of the school's shell in conformance with the approved plans and specifications.
2. Next Forty-Five Percent on completion of construction of the school building in conformance with the approved plans and specifications; and

3. Final Fifteen Percent upon the school's becoming operational, i.e. teaching and administrative staff are assigned, and furnishings, teaching materials and equipment are provided.

The completion of each stage of work shall be certified by the MOEYA and shall be verified by an A.I.D. direct-hire engineer.

TABLE I
LIST OF PROJECT SCHOOLS

NO.	REGION	LOCATION	LOCATION CODE	NAME OF SCHOOL	KIND	BLDG TYPE	EDUC LEVEL	SEX	NO. OF CLASS-ROOMS	COST IN R.O.		
										BUILDING	A & E	TOTAL
1	Capital	Mabela	001	Mabela	New	O	P	M	15	350,000	17,500	367,500
2	Capital	Al-Khuwair	002	Al-Khuwair	New	O	P	M	16	367,500	18,375	385,875
3	Capital	Al-Aamirat	003	Al-Aamirat	New	O	P	M	15	350,000	17,500	367,500
4	Capital	Yity	004	Yity	Alternative	E	I	M	12	315,500	15,775	331,275
5	Capital	Wadi Hattat	005	Wadi Hattat	Alternative	O	P	B	16	367,500	13,375	385,875
6	Capital	Wadi Kabir	006	Wadi Kabir	Reduce Density	O	P	B	16	367,500	18,375	385,875
7	Capital	Quriyat	007	Rashid Ibn Al-Walid	Reduce Density	E	P	B	12	237,500	11,875	249,375
8	Capital	Al-Khoud	008	Al-Mitanabbi	Separate Girls	O	I	G	12	360,000	18,000	378,000
9	Capital	Al-Khairan	009	Al-Khairan	New	E	P	M	9	197,000	9,850	206,850
10	Capital	Sifa	C10	Sifa	New	E	P	M	9	197,000	9,850	206,850
11	Capital	Missy	C11	Missy	Alternative	E	I	M	12	315,500	15,775	331,275
SUB TOTAL										3,425,000	171,250	3,696,250
12	Rostaq	Musana'a	R01	Salt bin Malik	Alternative	E	P	B	12	237,500	11,875	249,375
13	Rostaq	Barka	R02	Barkat bin Mohammed	Alternative	O	P	B	16	367,500	18,375	335,875
14	Rostaq	Musana'a	R03	Widam-al-Ghaf	Alternative	E	I	G	9	262,000	13,100	275,100
15	Rostaq	Musana'a	R04	Widam-as-Sahil	Alternative	E	P	G	9	197,000	9,850	206,850
16	Rostaq	Rostaq	R05	Janna	Alternative	E	I	G	9	262,000	13,100	275,100
17	Rostaq	Wadi Sahtan	R06	Umq	Alternative	E	I	G	9	262,000	13,100	275,100
SUB TOTAL										1,588,000	79,400	1,667,400

NO.	REGION	LOCATION	LOCATION CODE	NAME OF SCHOOL	KIND	BLDG TYPE	EDUC LEVEL	SEX	NO. OF CLASS- ROOMS	COST IN R.O.		
										BUILDING	A & E	TOTAL
18	Batina	Suwaïq	B01	Sur Hayam	New	E	P	M	12	237,500	11,875	249,375
19	Batina	Sohar	B02	Al-Suwehra	Alternative	O	I	B	20	510,000	25,500	535,500
20	Batina	Suwaïq	B03	Dayyan Al-Busaid	Alternative	O	I	B	16	435,000	21,750	456,750
21	Batina	Suwaïq	B04	Al-Tharmad Wal Manfash	Alternative	O	I	B	20	510,000	25,500	535,500
22	Batina	Suwaïq	B05	Al-Khadhra	Separate Girls	E	P	G	12	237,500	11,875	249,375
23	Batina	Khaboura	B06	Qasabut	Separate Girls	E	P	G	12	237,500	11,875	249,375
24	Batina	Majis	B07	Hallat Al-Shaikh	New	E	P	M	9	197,000	9,850	206,850
25	Batina	Majis	B08	Al-Shafa Buit Abdulla	Alternative	O	P	G	16	367,500	18,375	385,875
26	Batina	Shinas	B09	Sa'ad Ibn Abi Waqas	Alternative	O	P	B	20	440,000	22,000	462,000
27	Batina	Umm Al A'na	B10	Umm Al-A'na	Alternative	O	I	B	20	510,000	25,500	535,500
									SUB TOTAL	3,682,000	184,100	3,866,100
28	Wusta	Ibra	W01	Al-Yahmidi	Alternative	E	P	M	12	237,500	11,875	249,375
29	Wusta	Al-Qabil	W02	Al-Muftaridh	Alternative	E	P	M	9	197,000	9,850	206,850
30	Wusta	Al-Mudhaibi	W03	Al-Uyuum	Alternative	E	I	M	12	315,500	15,775	331,275
31	Wusta	Al-Mudhaibi	W04	Bu'd	Alternative	E	I	M	9	274,500	13,725	288,225
32	Wusta	Al-Mudhaibi	W05	Lizq	Alternative	E	P	M	9	197,000	9,850	206,850
									SUB TOTAL	1,221,500	61,075	1,282,575

NO.	REGION	LOCATION	LOCATION CODE	NAME OF SCHOOL	KIND	BLDG TYPE	EDUC LEVEL	SEX	NO. OF CLASS-ROOMS	COST IN R.O.		
										BUILDING	A & E	TOTAL
33	Dakhliyah	Izki	DO1	Sima Wal Magzah	Alternative	E	I	B	9	262,000	13,100	275,100
34	Dakhliyah	Imty	DO2	Imty	Alternative	E	I	M	9	275,000	13,750	288,750
35	Dakhliyah	Al-Hamra	DO3	Al-Hamra	Alternative	O	I	B	26	590,000	29,500	619,500
36	Dakhliyah	Tamif	DO4	Noor-al-Deen As Salami	Alternative	E	I	B	9	262,000	13,100	275,100
						E	I	B	9	262,000	13,100	275,100
37	Dakhliyah	Wadi Mahram	DO5	Wadi Mahram	Alternative							
38	Dakhliyah	Wadi Al-A'la	DO6	Wadi Al-A'la	Alternative	E	I	B	9	262,000	13,100	275,100
SUB TOTAL										1,913,000	95,650	2,008,650
39	Dhahirah	Ibri	HO1	Ibri	Reduce Density	O	I	G	16	435,000	21,750	456,750
40	Dhahirah	Dhank	HO2	Dhank	Separate Girls	O	I	G	16	435,000	21,750	456,750
41	Dhahirah	Ibri	HO3	Baat	Alternative	E	P	M	9	197,000	9,850	206,850
42	Dhahirah	Ibri	HO4	Sulaif	Separate Girls	O	P	G	9	245,000	12,250	257,250
43	Dhahirah	Ibri	HO5	Maskan	Alternative	E	P	M	12	237,500	11,875	249,375
44	Dhahirah	Ibri	HO6	Al-Waqbah	Alternative	E	I	B	12	302,500	15,125	317,625
45	Dhahirah	Yanqul	HO7	Dhahir Al Fawaris	Alternative	E	I	B	9	262,000	13,100	275,100
46	Dhahirah	Ibri	HO8	Al-Hajr	Alternative	E	P	M	12	237,500	11,875	249,375
						SUB TOTAL			2,351,500	117,575	2,469,075	
47	Sharqiya	Tiwi	S01	Tiwi	Alternative	E	I	M	12	315,500	15,775	331,375
48	Sharqiya	Bilad Bam Bu Ali	S02	Ruwais	Alternative	E	I	B	12	302,500	15,125	317,625
						SUB TOTAL			618,000	30,900	648,900	
TOTAL										14,799,000	739,950	15,538,950

EQUIVALENT U.S. DOLLAR AMOUNT FOR THE TOTAL COSTS
R.O. 15,538,950 @ 2.92 = \$45,374,000

LIST OF ALTERNATIVE PROJECT SCHOOLS

NO.	REGION	LOCATION	LOCATION CODE	NAME OF SCHOOL	KIND	BLDG TYPE	EDUC LEVEL	SEX	NO. OF CLASS- ROOMS	COST IN R.O.		
										BUILDING	A & E	TOTAL
1	Rostaq	Nakhal		Wadi Mastal	New	E	P	M	6	161,500	8,070	169,575
2	Rostaq	Nakhal		Tow	New	E	P	M	6	161,500	8,070	169,575
3	Rostaq	Rostaq		Tabaqa Wal Khadra	New	E	P	M	6	161,500	8,070	169,575
4	Rostaq	Nakhal		Khalil bin Shadhan	Alternative	E	I	G	9	226,500	11,325	237,825
5	Wusta	Al-Mudhaibi		Al-Fat'h	New	E	P	M	6	161,500	8,070	169,575
6	Wusta	Taien		Mahlah	Alternative	E	I	B	12	302,500	15,125	317,625
7	Wusta	Al-Hajir		Al-Hajir	Alternative	E	I	M	9	274,500	13,725	288,225
8	Wusta	Dimaa		Al-Ghumsa	Alternative	E	I	M	9	274,500	13,725	288,225
9	Dakhliah	Izzi		Izzi	Alternative	E	P	M	6	161,500	8,070	169,575
10	Dhahira	Mahdha		Wadi al-Hayuul	New	E	P	M	6	161,500	8,070	169,575
11	Dhahira	Mahdha		Al-Juwaif	New	E	P	M	6	161,500	8,070	169,575
12	Sharqiah	Bild Bani Bu Ali		Wadi Shaqla	New	E	P	M	6	161,500	8,070	169,575
13	Sharqiah	Sur		Ifta	New	E	I	M	6	239,500	11,975	251,475
TOTAL										2,609,500	130,435	2,739,935

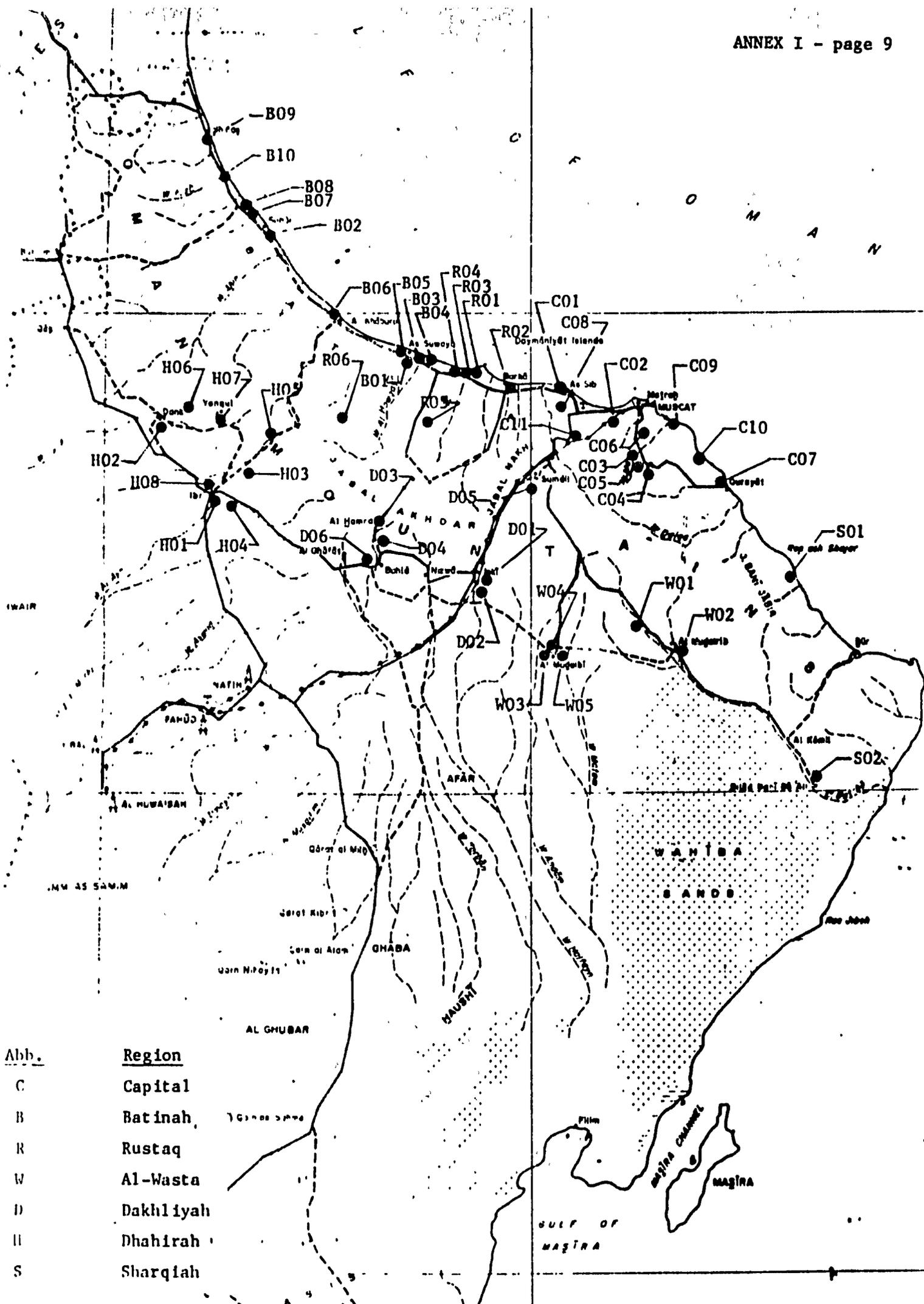


Abb.	Region
C	Capital
B	Batinah
R	Rustaq
W	Al-Wasta
D	Dakhliah
H	Dhahirah
S	Sharqiah

TABLE 2

SUMMARY COST ESTIMATE AND FINANCIAL PLAN

(U.S. Dollars 000)

LOCAL COSTS

<u>COST ITEM</u>	<u>AMOUNT</u>
A & E Service - (Design & Supervision)	\$ 2,161
Construction	<u>42,839</u>
Total	\$ <u>45,000</u>

NOTE: A contingency factor of approximately 12 percent is included in the construction cost.

Loan No. 272-0103Project Loan StandardProvisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Loan Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

ARTICLE A. Project Implementation Letters

To assist Borrower in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

ARTICLE B. General CovenantsSection B.1. Consultation

The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

Section B.2. Execution of Project

The Borrower will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules, or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section B.3. Utilization of Goods and Services

(a) Any resources financed under the Loan will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Loan, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

Section B.4. Taxation

(a) This Agreement and the Loan will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Borrower.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Loan, and any property or transactions relating to such contracts and (2) any commodity procurement transaction financed under the Loan are not exempt from identifiable taxes, tariffs, duties, or other levies imposed under laws in effect in the territory of the Borrower, the Borrower will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Loan.

Section B.5. Reports, Records, Inspections, Audit

The Borrower will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation the receipt and use of goods and services acquired under the Loan. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization

of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Loan.

Section B.6. Completeness of Information

The Borrower confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

Section B.7. Other Payments

Borrower affirms that no payments have been or will be received by any official of the Borrower in connection with the procurement of goods or services financed under the Loan except fees, taxes, or similar payments legally established in the country of the Borrower.

Section B.8. Information and Marking

The Borrower will give appropriate publicity to the Loan and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

ARTICLE C. Procurement Provisions

Section C.1. Special Rules

(a) The source and origin of ocean and air shipping will

be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Borrower will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7. (a).

(c) Any motor vehicles financed under the Loan will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

Section C.2. Eligibility Date

No goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

Section C.3. Plans, Specifications, and Contracts

In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Borrower will furnish to A.I.D. upon preparation:

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Loan, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Loan, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Loan will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Loan for engineering and other professional services, for construction services, and for such other services, equipment, or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to A.I.D.

Section C.4. Reasonable Price

No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Loan. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

Section C.5. Notification to Potential Suppliers

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

Section C.6. Shipping

(a) Goods which are to be transported to the territory of the Borrower may not be financed under the Loan if transported either:

(1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment; or

(2) on an ocean vessel which A.I.D., by written notice to the Borrower has designated as ineligible; or

(3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Loan, if such goods or persons are carried:

(1) on an ocean vessel or aircraft under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or

(2) on an ocean vessel which A.I.D., by written notice to the Borrower, has designated as ineligible; or

(3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels,

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo

liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Borrower on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to any cargo transported from U.S. ports and also any cargo transported from non-U.S. ports, computed separately.

Section C.7. Insurance

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Borrower may be financed as a Foreign Exchange Cost under this Agreement provided,

(1) such insurance is placed at the lowest available competitive rate, and

(2) claims thereunder are payable in U.S. Dollars or, as A.I.D. may agree in writing, the currency in which such goods were financed or in any freely convertible currency. If the Borrower (or government of Borrower), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Borrower financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Borrower will insure, or cause to be insured, goods financed under the Loan imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Borrower under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.8. U.S. Government-Owned Excess Property

The Borrower agrees that wherever practicable United States Government-owned excess property, in lieu of new items financed under the Loan, should be utilized. Funds under the Loan may be used to finance the costs of obtaining such property for the Project.

ARTICLE D Termination; Remedies

Section D.1. Cancellation by Borrower

The Borrower may, by giving A.I.D. 30 days written notice, cancel any part of the Loan which has not been disbursed or committed for disbursement to third parties.

Section D.2. Events of Default; Acceleration

It will be an "Event of Default" if Borrower shall have failed:

(a) to pay when due any interest or installment of Principal required under this Agreement, or

(b) to comply with any other provision of this Agreement, or

(c) to pay when due any interest or installment of Principal or other payment required under any other loan, guaranty or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may give the Borrower notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and unless such Event of Default is cured within that time:

(1) such unrepaid Principal and accrued interest hereunder will be due and payable immediately, and

(2) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

Section D.3. Suspension

If at any time:

(a) An Event of Default has occurred; or

(b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or

(c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(d) The Borrower shall have failed to pay when due any interest, installment of principal or other payment required under any

other loan, guaranty, or other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

Then A.I.D. may:

(1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to the Borrower;

(2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and

(3) at A.I.D.'s expense, direct that title to goods financed under the Loan be transferred to A.I.D. if the goods are from a source outside Borrower's country, are in a deliverable state and have not been offloaded in ports of entry of Borrower's country. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

Section D.4. Cancellation by A.I.D.

If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3., the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Loan that is not then disbursed or irrevocably committed to third parties.

Section D.5. Continued Effectiveness of Agreement

Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder.