

No. 9321

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
ECUADOR**

**Development Credit Agreement—*Education Project* (with
annexed Credit Regulations No. 1, as amended). Signed
at Washington, on 27 June 1968**

Official text : English.

Registered by the International Development Association on 21 November 1968.

**ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
ÉQUATEUR**

**Contrat de crédit de développement — *Projet relatif à l'en-
seignement* (avec, en annexe, le Règlement n° 1 sur les
crédits de développement, tel qu'il a été modifié). Signé
à Washington, le 27 juin 1968**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 21 novembre 1968.

No. 9321. DEVELOPMENT CREDIT AGREEMENT¹ (*EDUCATION PROJECT*) BETWEEN THE REPUBLIC OF ECUADOR AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 27 JUNE 1968

AGREEMENT, dated June 27, 1968, between the REPUBLIC OF ECUADOR (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967² (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million one-hundred thousand dollars (\$5,100,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

¹ Came into force on 30 August 1968, upon notification by the Association to the Government of Ecuador.

² See p. 16 of this volume.

- (a) such amounts as shall have been expended for the reasonable foreign-currency cost of goods required for carrying out the Project; and
 - (b) such amounts as shall be the equivalent of a percentage or percentages as may be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing subparagraph (a); or
 - (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing subparagraph (a);
- provided, however, that withdrawals shall not be made on account of expenditures prior to the date of this Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1978 and ending February 1, 2018, each installment to and including the installment payable on February 1, 1988, to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

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

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the

Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project. The specific schools included in the Project and the locations thereof shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project or cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical, administrative and financial standards and with due regard to economy.

(b) The Borrower shall cause the schools 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 schools included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(d) To assist in carrying out the Project, the Borrower shall establish and maintain, upon terms and conditions satisfactory to the Association, an appropriately staffed special unit within its Ministry of Education, headed by a Project Director to be responsible for the proper execution and supervision of the Project, assisted by a Project Architect/Engineer, an educator, and an accountant, all such personnel to be acceptable to the Association, and to be employed on terms and conditions satisfactory to the Borrower and the Association.

(e) In the carrying out of the Project, the Borrower shall employ or cause to be employed qualified and experienced architectural consultants acceptable to the Borrower and the Association, to an extent and upon terms and conditions satisfactory to the Borrower and the Association.

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

(g) The Borrower shall obtain the agreement of the Association on the plans, specifications, contracts and work schedules for the construction work included in the Project and on the master lists of instructional equipment and furniture included therein, and on any subsequent material modifications thereof. Upon request from time to time by the Association the Borrower shall promptly furnish to the Association all relevant information on the foregoing in such detail as the Association shall reasonably request.

Section 4.02. The Borrower shall at all times make or cause to be made available immediately as needed all funds, facilities, services and other resources, including land, required for the carrying out of the Project and for the operation and maintenance of the schools and facilities included in the Project.

Section 4.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, 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 conditions, in respect of the Project, of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods, the operation of the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial conditions, in respect of the Project, of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof, and of the schools included in the Project.

Section 4.04. (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit 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 Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

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

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

Section 4.05. (a) The Borrower shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance of the buildings and facilities included in the Project against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to acquisition, transportation, and delivery thereof to the places of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 4.06. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.07. The Development Credit Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Section 4.08. (a) Except as the Borrower and the Association shall otherwise agree, the Borrower shall promptly take all necessary steps in order to acquire, by a date or dates to be agreed upon with the Association, the ownership of all land not already acquired by the Borrower which shall be required for the carrying out of the Project.

(b) Except as the Borrower and the Association shall otherwise agree, the Borrower shall not award any construction contract concerning any of the schools included in the Project until it shall fully own all the land required for such construction.

Section 4.09. Except as the Association shall otherwise agree, the Borrower shall employ or cause to be employed six qualified and experienced advisors, acceptable to the Association on terms and conditions satisfactory to the Borrower and the Association, to assist the Borrower in the training of the administrators and staff of the schools included in the Project, and in the implementation of the in-service and preservice of the Borrower's first cycle secondary education teacher-training program.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof

shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Article VI

MISCELLANEOUS; TERMINATION

Section 6.01. The Closing Date shall be December 31, 1972, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. If this Agreement shall not have come into force and effect by August 30, 1968, this Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for purpose of this Section. The Association shall promptly notify the Borrower of such later date.

Section 6.03. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Ministry of Education
Quito, Ecuador

Alternative address for cables and radiograms :

Mineducation
Quito, Ecuador

For the Association :

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

Alternative address for cables and radiograms :

Indevas
Washington, D.C.

Section 6.04. The Minister of Education of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit Agree-

ment to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Ecuador :

By Carlos MANTILLA ORTEGA
Authorized Representative

International Development Association :

By J. Burke KNAPP
Vice President

SCHEDULE

DESCRIPTION OF THE PROJECT

The Project consists of :

- A. The construction, furnishing and equipment of :
- (a) extensions to four existing agricultural secondary schools including boarding facilities and staff housing;
 - (b) one new and extensions to three technical secondary schools including boarding facilities;
 - (c) four new and extensions to one teacher-training secondary schools including boarding facilities;
 - (d) eleven new and extensions to four general secondary schools.
- B. The establishment of a special unit to be responsible for the execution of the Project.
- C. The Project further includes technical assistance of about 24 man-years required for the efficient operation of the schools listed under A above.

The Project is expected to be completed by the middle of 1972.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 617, p. 60.*]