

No. 9512

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
COLOMBIA

Loan Agreement—*Education Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 31 July 1968

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 17 April 1969.*

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BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
COLOMBIE

Contrat d'emprunt — *Projet relatif à l'éducation* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 31 juillet 1968

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 17 avril 1969.*

## LOAN AGREEMENT <sup>1</sup>

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AGREEMENT, dated July 31, 1968, between REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *Article I*

#### LOAN REGULATIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 as amended February 9, 1967, <sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations): Section 4.01 is deleted.

### *Article II*

#### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seven million six hundred thousand dollars (\$ 7,600,000).

*Section 2.02.* (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

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<sup>1</sup> Came into force on 31 October 1968, upon notification by the Bank to the Government of Colombia.

<sup>2</sup> See p. 28 of this volume.

*Section 2.03.* (a) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) in currencies other than the currency of the Borrower for expenditures under Category II of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement ; and
- (ii) the equivalent of thirty-five per cent (35 %) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category I of said Schedule 1, provided, however, that if there shall be an increase in the estimate of such expenditures, the Bank may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

(b) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of : (i) expenditures made prior to the Effective Date, or (ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

*Section 2.04.* Withdrawals from the Loan Account pursuant to Section 2.03 (a) (ii) of this Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.05.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.06.* The Borrower shall pay interest at the rate of six and one-fourth per cent ( $6\frac{1}{4}$  %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

*Section 2.08.* Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.09.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement, and (ii) contracts for the procurement of such goods shall be subject to the approval of the Bank.

*Section 3.03.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

### *Article IV*

#### BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

*Section 4.02.* The Minister of Finance and Public Credit of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance and Public Credit of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

### *Article V*

#### PARTICULAR COVENANTS

*Section 5.01. (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 and administrative standards and with due regard to economy.

(b) The Borrower shall cause the secondary 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 all the secondary schools included in the Project to be operated on a double shift basis not later than January 15, 1975.

(d) The Borrower shall cause the buildings and equipment of the secondary schools included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(e) To assist in the carrying out of the Project the Borrower shall establish and maintain in the agency of the Borrower responsible for carrying out the Project, under general supervision of the Ministry of National Education, a Project Unit headed by a Project Director acceptable to the Borrower and the Bank, to be responsible for the proper execution and supervision of the Project, and shall appoint an architect and an educator, acceptable to the Borrower and the Bank, to be full-time members of such Project Unit.

(f) 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 Bank to design and supervise the construction included in the Project.

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

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

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

*Section 5.03.* The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with

consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

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

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

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

*Section 5.05.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, (a) the term “ assets of the Borrower ” includes assets of the Borrower or of any of its political subdivisions or of any Agency or of *Banco de la República* or any other institution acting as the central bank of the Borrower, and (b) the term “ Agency ” means any agency or instrumentality of the Borrower or of any political subdivision of the Borrower and shall include any institution or organization which is owned or controlled directly or indirectly by the Borrower or by any political subdivision of the Borrower or the operations of which are conducted primarily in the interest of or for account of the Borrower or any political subdivision of the Borrower.

*Section 5.06.* (a) The Borrower shall take out and maintain with responsible insurers or make other provisions satisfactory to the Bank 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 Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

*Section 5.07.* The principal of, and interest and other charges on, the Loan and the Bonds 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; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.08.* The Loan Agreement and the Bonds 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, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Article VI*

## REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Article VII*

## EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

- (a) the Borrower shall have acquired title to all the sites for the secondary schools included in the Project ;
- (b) the Borrower shall have established the Project Unit in accordance with the terms of Section 5.01 (e) of this Agreement.

*Section 7.02.* The following is specified as an additional matter within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely that the Borrower has validly acquired title to all the sites for the secondary schools included in the Project.

*Section 7.03.* If this Agreement shall not have come into force and effect by November 4, 1968, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

*Article VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1971, or such other date as may from time to time be agreed between the Borrower and the Bank.



*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministerio de Hacienda y Crédito Público

Bogotá

Colombia

and

Ministerio de Educación Nacional

Bogotá

Colombia

Cable address :

Minhacienda

Bogotá

and

Mineducacion

Bogotá

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.

*Section 8.03.* The Minister of Finance and Public Credit of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

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

Republic of Colombia :

*By* José CAMACHO

Authorized Representative

International Bank for Reconstruction and Development :

*By* S. ALDEWERELD

Vice President

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in U.S. Dollar Equivalent</i>
I. (a) Civil Works	
(i) Site preparation and development, construction of school buildings and staff houses .....	2,800,000
(ii) Architectural consulting services.....	200,000
(b) Locally procured furniture .....	500,000
II. Imported equipment and furniture .....	3,200,000
III. Unallocated .....	900,000
	TOTAL 7,600,000

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in either Categories I or II shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category III.

2. If the estimate of the cost of the items included in Category II shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category I, an amount equal to 35 % of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category III, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

## SCHEDULE 2

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of principal (expressed in dollars)*</i>
May 15, 1979 .....	\$155,000	November 15, 1986 .....	\$250,000
November 15, 1979 .....	160,000	May 15, 1987 .....	255,000
May 15, 1980 .....	165,000	November 15, 1987 .....	265,000
November 15, 1980 .....	170,000	May 15, 1988 .....	270,000
May 15, 1981 .....	175,000	November 15, 1988 .....	280,000
November 15, 1981 .....	185,000	May 15, 1989 .....	290,000
May 15, 1982 .....	190,000	November 15, 1989 .....	300,000
November 15, 1982 .....	195,000	May 15, 1990 .....	310,000
May 15, 1983 .....	200,000	November 15, 1990 .....	320,000
November 15, 1983 .....	205,000	May 15, 1991 .....	330,000
May 15, 1984 .....	215,000	November 15, 1991 .....	340,000
November 15, 1984 .....	220,000	May 15, 1992 .....	350,000
May 15, 1985 .....	225,000	November 15, 1992 .....	360,000
November 15, 1985 .....	235,000	May 15, 1993 .....	370,000
May 15, 1986 .....	240,000	November 15, 1993 .....	375,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity .....	1/2 %
More than three years but not more than six years before maturity .....	1 %
More than six years but not more than eleven years before maturity .....	2 %
More than eleven years but not more than sixteen years before maturity .....	3 %
More than sixteen years but not more than twenty-one years before maturity .....	4 %
More than twenty-one years but not more than twenty-three years before maturity .....	5 %
More than twenty-three years before maturity .....	6 1/4 %

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project consists of the design, construction, furnishing and equipment of the ten secondary schools (including ten staff housing units) listed in the Annex to this Schedule.

The Project is expected to be completed by December 31, 1971.

## ANNEX

## LIST OF SECONDARY SCHOOLS INCLUDED IN THE PROJECT

<i>Location</i>	<i>Total Number of Student Places Per Shift</i>	<i>Number of Staff Houses</i>	<i>Approximate Total Area to be Constructed</i>
Bogota .....	3,040	—	18,900 m <sup>2</sup>
Cali.....	3,040	—	19,700 m <sup>2</sup>
Medellin.....	3,000	—	18,500 m <sup>2</sup>
Barranquilla .....	2,670	—	16,700 m <sup>2</sup>
Cartagena .....	2,450	—	16,300 m <sup>2</sup>
Bucaramanga .....	2,060	2	14,500 m <sup>2</sup>
Monteria .....	1,570	2	11,500 m <sup>2</sup>
Cucuta .....	2,020	2	14,400 m <sup>2</sup>
Pasto .....	2,110	2	14,600 m <sup>2</sup>
Santa Marta.....	2,060	2	15,300 m <sup>2</sup>

## SCHEDULE 4

## PROCUREMENT

Pursuant to Section 3.02 of this Agreement, international competitive bidding will be used to carry out the Project and the procedures set forth in the *Guidelines for Procurement under World Bank Loans and IDA Credits*, dated February 1968, shall be applied by the Borrower together with following supplementary provisions :

1. *Contracts for Civil Works*

(a) The several civil works included in the Project shall be grouped to form one or more economical bid packages, whenever practicable.

(b) Prior to inviting bids the Borrower shall :

(i) Submit to the Bank for its approval lists containing the types and

groups of works proposed to be let and the estimated costs thereof, together with a description of the method to be used for obtaining bids in respect of each one.

- (ii) Upon obtaining such approval, the Borrower shall submit for the Bank's approval the draft bidding documents, the draft contracts, the list of firms that the Borrower proposes to invite to bid, if any, and the proposed international advertising coverage.

(c) After bids have been received and evaluated, the Borrower shall send the Bank a summary thereof, the analysis of the bids and a brief justification of the Borrower's decision on the award; provided, however, that in the case of any contract, or group of contracts covered by a single award, involving an amount of U.S. \$100,000 equivalent or more, the Borrower shall request the Bank's approval before making the award.

(d) As soon as a contract has been signed, the Borrower shall send a signed copy thereof to the Bank.

(e) The Borrower shall request the Bank's approval for any proposed change in a contract involving a price increase of 5 per cent or more or of U.S. \$10,000 equivalent, whichever is less.

## 2. *Contracts for Equipment and Furniture*

(a) Lists for all items of equipment and furniture required for the Project shall be prepared, showing the specifications and estimated unit and total price of each item. Items will be grouped so as to permit bulk procurement as shall be consistent with sound technical and procurement practices.

(b) Prior to inviting bids the Borrower shall :

- (i) Submit to the Bank for its approval the lists mentioned in paragraph 2 (a) above, together with a description of the method to be used for obtaining bids in respect of each one.
- (ii) Submit for the Bank's approval the proposed standard bid, tender and contract documents.

(c) In the case of any contract involving an amount of U.S. \$25,000 equivalent or more, the Borrower shall send the Bank, after bids have been evaluated and awarded a summary and analysis thereof, and a brief justification of the decision on the awarding of the contract.

(d) As soon as a contract has been signed, the Borrower shall send a certified copy thereof to the Bank.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK  
TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series,  
Vol. 615, p. 98.*]