

No. 11156

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
REPUBLIC OF CHINA**

**Loan Agreement—*Education Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 19 June 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 11 June 1971.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
RÉPUBLIQUE DE CHINE**

**Contrat d'emprunt — *Projet relatif à l'enseignement* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 19 juin 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 11 juin 1971.*

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

AGREEMENT, dated June 19, 1970, between REPUBLIC OF CHINA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the term "Subsidiary Loan Agreements" means the loan agreements referred to in Section 5.02. (a) of this Agreement, to be entered into between the Province of Taiwan, the Municipality of Taipei, respectively, and the Borrower.

### *Article II*

#### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to nine million dollars (\$9,000,000).

*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(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspen-

<sup>1</sup> Came into force on 22 February 1971, upon notification by the Bank to the Government of the Republic of China.

<sup>2</sup> See p. 72 of this volume.

sion set forth in, this Loan Agreement 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.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan 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) for goods or services included in Categories I and III of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement;
- (ii) the equivalent of twenty per cent (20%) 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 goods or services included in Category IV of said allocation of the proceeds of the Loan, which percentage represents the estimated foreign exchange component of the cost of such goods or services; and
- (iii) the equivalent of fifty per cent (50%) of the invoiced price of such goods included in Category II of said allocation of the proceeds of the Loan as shall have been manufactured in the territories of the Borrower from imported components or raw materials, which percentage represents the estimated foreign exchange component of the cost of such goods;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in either Category II or Category IV, the Bank may by notice to the Borrower adjust the stated percentage applicable to such Category 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 payments remaining to be made for goods or services included in such Category.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Categories II and IV of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

*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 seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

*Section 2.08.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan 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 and services 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

*Section 3.03.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services 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 VIII of the General Conditions.

*Section 4.02.* The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

### *Article V*

#### PARTICULAR COVENANTS

*Section 5.01.* The Borrower shall carry out the Project, or cause the Project to be carried out, with due diligence and efficiency and in accordance with sound technical, economic, financial and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

*Section 5.02.* (a) The Borrower shall enter into Subsidiary Loan Agreements with the Province of Taiwan and with the Municipality of Taipei, satisfactory to the Bank, which shall provide for the relending of part of the proceeds of the Loan by the Borrower to the Province of Taiwan and to the Municipality of Taipei, and shall contain appropriate provisions to ensure the proper financing and execution of the Project.

(b) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreements.

*Section 5.03.* For the purposes of carrying out the Project:

- (a) the Borrower shall establish in the Ministry of Education a Project Unit under the direction of a Project Director directly responsible to the Minister of Education, with such responsibilities and functions as are specified in Schedule 5 to this Agreement or as may be further agreed between the Borrower and the Bank; and shall provide the Project Unit with all qualified and experienced supporting staff, facilities and other resources required for the purposes of the Project Unit; and
- (b) the Borrower shall appoint the following members of the Project Unit, who shall be qualified and experienced and acceptable to the Bank: the Project Director and, on a full-time basis, an Executive Secretary, a Project Architect and an Educational Advisor.

*Section 5.04.* (a) In carrying out Part A of the Project, the Borrower shall employ, or cause to be employed, qualified and experienced architects and contractors acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(b) In carrying out Parts B and C of the Project, the Borrower shall employ, or cause to be employed, qualified and experienced experts and consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(c) Except as the Bank shall otherwise agree, the Borrower shall furnish, or cause to be furnished to the Bank for its approval promptly upon their preparation, the plans, specifications, contracts and work schedules for the construction included in the Project and the lists of instructional equipment and furniture included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

*Section 5.05.* The Borrower shall promptly take, or cause to be taken, all requisite steps for the acquisition and retention of all such lands, interests in land and properties and all rights, powers and privileges as may be necessary or proper for the construction and operation of the educational institutions included in the Project and shall ensure that such lands are available promptly as needed for such purposes.

*Section 5.06.* The Borrower shall (i) adequately maintain or cause to be maintained the buildings, furniture and equipment of the educational institutions included in the Project and make or cause to be made all necessary repairs and renewals thereof in accordance with sound technical and administrative practices; and (ii) provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

*Section 5.07.* (a) The Borrower shall cause the educational institutions included in the Project to be so operated as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

(b) The Borrower shall strengthen, or cause to be strengthened, the inspection of technical and vocational education with respect to supervision of curricula, syllabi and teaching.

(c) The Borrower shall (i) establish in the Ministry of Education, within three months of the Effective Date, a Planning Unit under the direction of an Administrator directly responsible to the Ministry of Education, with such responsibilities and functions as are specified in Schedule 6 to this Agreement or as may be further agreed between the Borrower and the Bank; (ii) provide the Planning Unit with all qualified and experienced supporting staff, facilities and other resources required for the purposes of the Planning Unit; and (iii) appoint, on a full-time basis, the following members of the Planning Unit, who shall be qualified

and experienced and acceptable to the Bank: the Administrator, an Educational Planner and an Educational Economist.

*Section 5.08.* The Borrower shall (i) maintain or cause to be maintained such records as shall be adequate to identify the goods and services 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 ministries or departments of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof, (ii) enable the Bank's representatives to inspect the Project, the operation thereof, the goods financed under the Loan Agreement and any relevant records and documents, and (iii) furnish 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 and services, the operation of the educational system of the Borrower, the programs for educational development in its territories, and the administration and operation, in respect of the Project, of the ministries or departments of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

*Section 5.09.* The Borrower undertakes to insure or cause to be insured the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards, incident to 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 5.10.* (a) The Borrower and the Bank shall cooperate fully with each other to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as either 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 5.11.* 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.

The term “assets of the Borrower” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Central Bank of China, or any other institution performing the functions of a central bank.

*Section 5.12.* 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 5.13.* 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.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

*Article VII*

## EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

- (a) that the Subsidiary Loan Agreements have been duly executed in form and substance satisfactory to the Bank and have become binding upon the parties thereto in accordance with their terms;
- (b) that the Project Unit referred to in Section 5.03 (a) of this Loan Agreement has been established and the members of the Project Unit referred to in Section 5.03 (b) of this Agreement and necessary supporting staff have been employed; and
- (c) that the Borrower has taken, or caused to be taken, all requisite steps for the selection of a site satisfactory to the Bank and for the acquisition and retention of all such land, interests in land and property and all rights, powers and privileges as may be necessary or proper for the construction and operation of the Taipei Junior College of Technology and has ensured that such land is available promptly as needed for such purposes.

*Section 7.02.* The following is specified as an additional matter, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

That the Subsidiary Loan Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the parties

thereto, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that such Subsidiary Loan Agreements constitute valid and binding obligations of the parties thereto in accordance with their terms.

*Section 7.03.* The date of October 19, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be March 31, 1975, or such other date as shall be agreed between the Borrower and the Bank.

*Section 8.02.* The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

*Section 8.03.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

Ministry of Finance  
Taipei, Taiwan  
China

Alternative address for cables:

Chifinance  
Taipei

For the Bank:

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

Alternative address for cables:

Intbafrad  
Washington, D.C.

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

Republic of China:

By MARTIN WONG  
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP  
Vice President

### SCHEDULE 1

#### ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. C.I.F. Cost of Imported Furniture and Equipment . . . .	6,200,000
II. Ex-Factory Price of Locally Manufactured Furniture and Equipment . . . . .	500,000
III. Technical Assistance . . . . .	400,000
IV. Civil Works . . . . .	1,000,000
V. Unallocated . . . . .	900,000
	<u>TOTAL 9,000,000</u>

#### REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to IV 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 V.

2. If the estimate of the cost of the items included in any of the Categories I to IV 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 II, an amount equal to 50% of such increase and, in the case of Category IV, an amount equal to 20% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category V, 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>
October 15, 1980 .....	175,000	April 15, 1988 .....	290,000
April 15, 1981 .....	180,000	October 15, 1988 .....	300,000
October 15, 1981 .....	185,000	April 15, 1989 .....	315,000
April 15, 1982 .....	195,000	October 15, 1989 .....	325,000
October 15, 1982 .....	200,000	April 15, 1990 .....	335,000
April 15, 1983 .....	205,000	October 15, 1990 .....	345,000
October 15, 1983 .....	215,000	April 15, 1991 .....	360,000
April 15, 1984 .....	220,000	October 15, 1991 .....	370,000
October 15, 1984 .....	230,000	April 15, 1992 .....	385,000
April 15, 1985 .....	240,000	October 15, 1992 .....	400,000
October 15, 1985 .....	245,000	April 15, 1993 .....	410,000
April 15, 1986 .....	255,000	October 15, 1993 .....	425,000
October 15, 1986 .....	265,000	April 15, 1994 .....	440,000
April 15, 1987 .....	275,000	October 15, 1994 .....	455,000
October 15, 1987 .....	280,000	April 15, 1995 .....	480,000

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity .....	3¼%
More than three years but not more than six years before maturity .....	2%
More than six years but not more than eleven years before maturity .....	2¾%
More than eleven years but not more than sixteen years before maturity .....	4¼%
More than sixteen years but not more than twenty-one years before maturity .	5½%
More than twenty-one years but not more than twenty-three years before maturity	6½%
More than twenty-three years before maturity .....	7%

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project consists of the following:

A. The construction of new, and the expansion of existing, educational institutions listed below and the provision of furniture and equipment for such institutions:

*Under the Borrower:*

1. Department of Industrial Education of the National Taiwan Normal University (existing);
2. College of Science of the National Taiwan Normal University (existing);

*Under the Province of Taiwan:*

3. Fourteen existing senior secondary vocational schools;
4. One existing junior college of technology;

*Under the Municipality of Taipei:*

5. Two existing senior secondary vocational schools; and
6. One new junior college of technology.

The specific institutions included in the Project, their planned capacities and the approximate areas to be constructed for each institution are set forth in Part A of the Annex to this Schedule, as such Annex may be amended by agreement between the Borrower and the Bank.

B. The provision of technical services and fellowships as specified in Part B of the Annex to this Schedule, as such Annex may be amended by agreement between the Borrower and the Bank, to assist the Ministry of Education of the Borrower in educational planning, curriculum development and execution of the Project, including arrangements for increasing utilization of educational facilities, for improving inspection of technical and vocational education and for in-service training of vocational teachers in practical subjects.

C. The completion of development programs, and the preparation of specific projects, for instructional television and for fishery education.

The Project is expected to be completed by March 31, 1974.

## ANNEX TO SCHEDULE 3

A. *List of Educational Institutions:*

<i>Location</i>	<i>Approximate Number of Students after Completion of the Project</i>	<i>Approximate Gross Areas of Construction (sq. meters)</i>
<i>(a) Under the Borrower:</i>		
Taipei—National Taiwan Normal University		
Industrial Education Department .	740	1,520
Taipei—National Taiwan Normal University		
College of Science . . . . .	2,960	22,640
<i>(b) Under the Province of Taiwan:</i>		
Vocational Schools (Agricultural and Industrial)		
Ilan . . . . .	1,800	1,490
Taoyuan . . . . .	1,800	1,920
Miaoli . . . . .	1,950	2,830
Silo . . . . .	1,800	3,950
Taitung . . . . .	2,550	6,620
Kangsan . . . . .	1,500	2,280
Tzenwen (Matou) . . . . .	900	2,570
Vocational Schools (Industrial)		
Jiufang . . . . .	1,950	8,010
Salu . . . . .	1,350	2,810
Tungshih . . . . .	1,800	4,350
Pingtung . . . . .	1,500	2,950
Taichung . . . . .	2,800	4,000
Chiayi . . . . .	2,400	4,510
Tainan . . . . .	2,550	3,610
Kaohsiung Junior College of Technology . . . . .	1,850	3,980
<i>(c) Under the Municipality of Taipei:</i>		
Taipei—Vocational School (Agricultural and Industrial) . . . . .	1,650	890
Taipei—Vocational School (Industrial) . . . . .	1,750	2,340

<i>Location</i>	<i>Approximate Number of Students after Completion of the Project</i>	<i>Approximate Gross Areas of Construction (sq. meters)</i>
Taipei—Junior College of Technology .....	1,600	12,670

**B. Technical Assistance:**

(a) The experts and consultants referred to in Section 5.04 (b) of this Agreement shall, unless the Borrower and the Bank shall otherwise agree, be employed in numbers and with duties and responsibilities as follows:

- (i) three industrial specialists, one in production technology, one in electronic technology and one in building trades, the first one for 30 months and the two others for 12 months, and one expert for 12 months, for specific tasks of overall curricula and syllabi development, all of them to be employed within six months of the Effective Date, to develop technicians' courses and technical teaching so that these conform to technician training patterns rather than abridged engineers' courses;
- (ii) two educational planners, one specialized in educational planning for 24 months and one specialized in educational economics for 12 months, for the continuous educational planning provided for in paragraph 1 (a) of Schedule 6 to this Agreement;
- (iii) one educational advisor and one project architect, each for 30 months, who will form part of the Project Unit and assist the Project Director and the Executive Secretary in the supervision of the Project and its proper execution;
- (iv) two instructional television specialists for 4 months each, one expert in television engineering and one expert in program production, to assist in the preparation of an instructional television project;
- (v) two specialists in fishery education, for 3 months each, one expert in organization and administration of fishery education and one expert in curriculum development, to assist in developing a program for a fishery education project; and
- (vi) one architect for 4 months, to assist in the development of the instructional television and fishery education projects.

(b) The fellowships referred to in Part B of the Project shall be for twenty-four man-months, in the following fields: administration, supervision and evaluation of technical and vocational education, tool and die making, and audio-visual aids.

## SCHEDULE 4

## SUPPLEMENTARY PROCUREMENT PROCEDURES

1. *Contract for Civil Works*

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

(b) Prior to inviting bids the Borrower shall submit to the Bank for approval:

- (i) lists containing the types and groups of civil 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) a description of the proposed international advertising coverage, and draft bid notices; and
- (iii) a description of prequalification procedures together with a list of firms which the Borrower proposes to invite to bid.

(c) After the bids have been received and evaluated, the Borrower shall, prior to the award of contract, send to the Bank a summary analysis of the bids and, for its approval, a brief justification of the Borrower's decision on the award.

(d) As soon as a contract has been awarded, two conformed copies thereof shall be sent to the Bank promptly after execution of such contract and prior to the submission to the Bank of the first application for withdrawal in respect of such contract.

(e) The Borrower shall request the Bank's approval for any proposed change in a contract involving a price increase of 5% of the original contract price or of more than the equivalent of US\$100,000, whichever is less, together with reasons for the proposed change.

2. *Contracts for Equipment and Furniture*

The items to be purchased shall be grouped so as to permit such bulk procurement as shall be consistent with sound technical and procurement practices. Contracts for less than \$5,000 shall not be submitted to the Bank for financing.

(a) Prior to inviting bids, the Borrower shall submit to the Bank for approval:

- (i) lists of all items of equipment and furniture required for the Project, showing the specifications, the estimated unit and total prices of each item. Items shall be indexed, coded and numbered for identification with each of the Project items and the spaces for which they are required, and shall be grouped so as to permit such bulk procurement as shall be consistent with sound technical and procurement practices. Amendments of such lists will also be submitted to the Bank for approval; and

- (ii) draft standard bidding documents, the draft forms of contracts, the draft bid notices, and the proposed international advertising coverage.

(b) Procurement shall be limited to those items of equipment and furniture which are specified in the approved lists mentioned in subparagraph 2 (a) (i) above and which shall be identified in contract documents by the same indices, codes and numbers as in such lists.

(c) Pursuant to paragraph 2.8 of the Guidelines referred to in Section 3.02 of this Agreement, where bids are submitted by any manufacturer established in the territories of the Borrower of any equipment and furniture manufactured or processed in the territories of the Borrower to a substantial extent as determined by the Bank (hereinafter called Local Bid), the following rules shall be observed for the purpose of comparing any Local Bid to any bid other than a local Bid (hereinafter called Foreign Bid):

- (i) all taxes on the importation of such goods into the territories of the Borrower shall first be deducted from the total of any Foreign Bid;
- (ii) the portion of any such Foreign Bid resulting from subparagraph (i) above which represents the c.i.f. (port of entry) price of such goods shall then be increased by 15% thereof or by the amount of such taxes as generally apply to such goods if imported into the territories of the Borrower by non-exempt purchasers, whichever is lower;
- (iii) the figure resulting from subparagraph (ii) above shall be deemed to be the price of any such Foreign Bid for comparison purposes;
- (iv) the price of any Local Bid shall be equal to the ex-factory price of the goods offered;
- (v) if the price of the goods offered under the lowest evaluated Local Bid is equal to or lower than the price of the lowest evaluated Foreign Bid, then the lowest evaluated Local Bid may be considered the lowest evaluated bid for the purposes of paragraph 3.9 of said Guidelines; and
- (vi) in cases where a Local Bid is considered, pursuant to subparagraph (v) above, to be the lowest evaluated bid, the bid analysis submitted to the Bank shall state the amount of the taxes referred to under subparagraph (ii) above.

(d) In case of a contract to be awarded to a bidder other than the lowest bidder (within the meaning of the foregoing subparagraph 2 (c)), or of a contract involving a price of 10% or more above the original estimate as submitted under subparagraph 2 (a) (i) above, the Borrower shall send to the Bank, after the bids have been evaluated, a summary and analysis thereof and a brief justification of the decision on the award, and request the Bank's approval before making the award.

(e) Promptly after bids have been evaluated and the contract has been awarded, the Borrower shall furnish the Bank with the following:

- (i) a certificate signed by the Project Director that the goods tendered for are in accordance with the quantities and specifications in the list approved by the Bank under subparagraph 2 (a) above;
- (ii) a summary of the tenders received, a brief analysis of the tenders and justification for the Borrower's decision in making the award; and
- (iii) two conformed copies of the contract awarded, promptly after its execution and prior to the submission to the Bank of the first application for withdrawal in respect of such contract.

## SCHEDULE 5

### THE PROJECT UNIT

1. The Project Unit shall be responsible, and have the necessary powers, for the execution of the Project, including, *inter alia*:

- (a) the coordination of the Project with the Province of Taiwan and the Municipality of Taipei;
- (b) the approval of the civil works design of the educational institutions included in the Project;
- (c) the preparation of detailed lists of the furniture and equipment referred to in paragraph 2 (a) of Schedule 4 to this Agreement;
- (d) the procurement of civil works, furniture and equipment, including the preparation of bidding documents, the analysis of bids and the making of recommendations regarding the award of contracts;
- (e) the selection, briefing, coordination and supervision of the firms of architects and contractors provided for in Section 5.04 (a) of this Agreement;
- (f) the regular inspection of all construction work;
- (g) the keeping of records, including financial records, of the execution of the Project; and the preparation of regular reports to the Bank; and
- (h) the selection, briefing, coordination and supervision of the experts in educational planning, curriculum development and the preparation of the development programs, and the specific projects for instructional television and for fishery education.

2. The specific responsibilities and functions of the Project Director, Executive Secretary, Project Architect and Educational Advisor shall be as follows:

- (a) *Project Director*: overall guidance, supervision and execution of the Project, including all such arrangements as shall be necessary for Project implementa-

tion at the level of the Central Government, the Government of the Province of Taiwan and the Government of the Municipality of Taipei;

- (b) *Executive Secretary*: management of the Project Unit's activities under the supervision of the Project Director;
- (c) *Project Architect*: guidance and supervision of the Project's civil works and, more particularly, of the architectural consultants in establishing space, construction and costing standards; and
- (d) *Educational Advisor*: advising the Project Director and the Executive Secretary with regard to: (i) the overall execution of the Project; (ii) the coordination of technical services provided under Part B of the Project; and (iii) the procurement of furniture and equipment required for the Project.

## SCHEDULE 6

### THE PLANNING UNIT

1. The Planning Unit shall be responsible, and have the necessary powers, for the execution of the following tasks, *inter alia*:

- (a) continuous educational planning which will propose alternatives consistent with social and economic development;
- (b) determination of target numbers of students to be graduated from each type and level of education, and particularly from each field and level of technical and vocational education, to meet prospective economic needs of the country;
- (c) determination of optimum means by which these targets are to be reached; and
- (d) estimation of annual educational expenditures, both capital and recurrent, required to be made by the Central, Provincial, Municipal and County Governments as well as the private sector, for educational purposes.

2. The specific responsibilities and functions of the Educational Planner and the Educational Economist shall be as follows:

- (a) *Educational Planner*: establishment of a systems-analysis framework for the description and analysis of the educational system (past and present) and the continuous and internally consistent and efficient future development of the system; training of counterpart staff; and
- (b) *Educational Economist*: assessment of alternative quantitative inter-relationships between the educational system (including private education) on the one hand and the rest of the economy on the other hand and, in particular: (i) cost-benefit assessments of alternative education sub-systems to meet given forecast manpower demands, and (ii) development of education cost models linking projected public education expenditures with developments of the public budget (at all levels of government) and with financing of private education.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]

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