

No. 11428

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
SPAIN**

**Loan Agreement—*Education Project* (with annexed General  
Conditions Applicable to Loan and Guarantee Agreements).  
Signed at Washington on 30 June 1970**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on  
16 December 1971.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
ESPAGNE**

**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 30 juin 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le dévelop-  
pement le 16 décembre 1971.*

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

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AGREEMENT, dated June 30, 1970, between SPAIN (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 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 the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) " General Education Law " means the *Ley General de Educación* of the Borrower referred to in Section 7.01 (b) of this Agreement.

(b) " Project Unit " means the Project administrative unit established or to be established for the purpose of carrying out the Project, as required by Section 5.01 (b) of this Agreement.

(c) " Ministry " means the *Ministerio de Educación y Ciencia* of the Borrower.

(d) " Research Center " means the Centro Nacional de Investigaciones para el Desarrollo de la Educación of the Borrower.

(e) " Institutes of Education " means the Institutos de Ciencias de la Educación of the Borrower referred to in part 2 (b) of the Project.

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<sup>1</sup> Came into force on 8 January 1971, upon notification by the Bank to the Government of Spain.

<sup>2</sup> See p. 226 of this volume.

*Article II*

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twelve million dollars (\$12,000,000).

*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 suspension set forth in, the 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 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 the Loan Agreement the equivalent of fifty per cent (50%) 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 Categories 1, 2 and 3 of such Allocation; provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of such Categories, 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. (a)* It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account 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.

*(b)* No withdrawal from the Loan Account shall be made on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with, the importation or supply of goods or services for the Project.

*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 February 15 and August 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 THE LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of the Loan Agreement to expenditures on the Project.

*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 the carrying out of 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 *Ministro de Hacienda* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 8.10 of the General Conditions. The *Ministro de Hacienda* of the Borrower may designate additional or other authorized representatives by appointment notified to the Bank.

### Article V

#### PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial,

and educational policies and practices, and with due regard to economy, and shall, at all times, make available promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall, until the Closing Date or such other date as shall be agreed between the Borrower and the Bank, establish and operate the Project Unit with such functions, powers, responsibilities and resources as are described in Schedule 5 to this Agreement, the staff of such Unit to include a director, an architect and an educator, all of them acceptable to the Borrower and the Bank.

(c) The Borrower shall, in the implementation of the education reform and the reorganization of education administration provided for in the General Education Law, and in the initial operation of the Project Unit : (i) utilize the services of education facility planning and management specialists and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank, such services to be utilized unless the Bank shall otherwise agree, substantially in accordance with the timetable set forth in C of the Exhibit to Schedule 3 to this Agreement; and (ii) assign, for training with such specialists, such counterpart personnel as shall be required to carry on the implementation of the educational reform referred to above and the operation of the Project Unit.

(d) The Borrower shall, in the carrying out of the Project, employ consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank for the purpose of preparing the designs of the buildings, facilities and furniture for the educational institutions included in the Project and supervising the construction included in the Project.

(e) The Borrower shall cause the construction included in the Project to be carried out by contractors acceptable to the Bank employed under contracts satisfactory to the Borrower and the Bank.

(f) The Borrower shall furnish 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 equipment included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

*Section 5.02.* (a) The Borrower shall operate the educational institutions and facilities included in the Project in accordance with sound administrative and educational policies and practices and with due regard to economy, all as required in order to further the educational objectives of the Borrower as set forth in the General Education Law.

(b) The Borrower shall cause the buildings, equipment and furniture of the educational institutions included in the Project to be adequately maintained and shall cause all necessary repairs and renewals thereof to be made in accordance with sound administrative and technical standards.

(c) The Borrower shall take all such timely action as shall be necessary to acquire the ownership of all land and rights *in rem* required for the construction included in the Project.

*Section 5.03.* The Borrower shall establish detailed targets and timetables for the development of all levels of education and from time to time review the structure of, and enrollments in, post-secondary, engineering and higher education institutions, all with the view of improving efficiency and satisfying the need in Spain for better qualified professional manpower.

*Section 5.04.* The Borrower shall, for the purpose of carrying out the Project, take all such timely action as shall be necessary to ensure that :

- (a) the Research Center (i) participates in the selection of directors and permanent staff for the Institutes of Education; and (ii) prepares and administers the training programs for such staff (including the fellowship program provided for in the Project);
- (b) qualified directors and teachers are : (i) selected and appointed for permanent posts in Project and Project-related schools and the Institutes of Education, such appointment to be on a full-time basis except in the case of the Institutes of Education where, if technically advisable, such teachers may be appointed on a less than full-time basis; and (ii) receive appropriate training for their posts (including training in handling, together with the sponsoring Institute of Education, such experimental school functions as alternative administration and organization practices, curricula, and teaching methodologies and techniques);
- (c) a systematic program is established for the training of teachers of practical subjects to be taught in the basic-level and secondary schools, such as industrial technology, commerce, agriculture, home-economics and industrial arts; and
- (d) Project-school directors are entrusted with responsibility to supervise school programs and staff.

*Section 5.05.* The Borrower shall take or cause to be taken all such timely action satisfactory to the Borrower and the Bank as shall be necessary to (a) increase the workloads of students in all secondary schools of the Borrower to about 32 hours a week and about 210 days a year; and (b) enable students in the secondary schools included in the Project to follow at least two practical optional subjects over the three-year course of such schools from a selection including elements of industrial technology, commerce, home-economics and agriculture where appropriate.

*Section 5.06.* The Borrower shall take or cause to be taken all action satisfactory to the Borrower and the Bank as shall be necessary to achieve a satisfactory reform of the administration of construction of educational buildings and the establishment of suitable technical designs and standards for such buildings.

*Section 5.07.* The Borrower shall equip and staff, to Project-school standards, the basic-level general education schools and secondary schools attached to the Institutes of Education operating in the cities of Granada, Valladolid, Valencia and Zaragoza.

*Section 5.08.* The Borrower shall maintain or cause to be maintained records 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 and results achieved by the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition 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 financed out of the proceeds of the Loan and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the educational system of the Borrower, the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project and the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 5.09.* (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement, the educational system of the Borrower, the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan.

(b) The Borrower and the Bank shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower or the Bank of its obligations under the Loan Agreement. 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.

(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 5.10.* 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; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or (iii) 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 assets of the Instituto Español de Moneda Extranjera and the Banco de España and any other institution performing the functions of a central bank for the Borrower.

*Section 5.11.* 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, or fees upon, 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 5.12.* 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.

*Section 5.13.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

## Article VI

### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions or Section 6.02 of this Agreement 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, together with such interest and other charges thereon, shall become due and payable immediately anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

*Section 6.02.* For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely :

The Borrower shall have failed to enforce or implement the General Education Law as necessary to carry out the Project and enable the Borrower to comply with its obligations under the Loan Agreement, or shall have modified the General Education Law in such a manner as shall adversely affect the Project.

### *Article VII*

#### EFFECTIVE DATE; TERMINATION

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

- (a) that the Project Unit has been established and is operating to the satisfaction of the Bank; and
- (b) that the General Education Law in form and substance satisfactory to the Borrower and the Bank has been enacted and has become effective.

*Section 7.02.* The date of September 30, 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 June 30, 1974 or such other date or dates as shall be agreed between the Borrower and the Bank.

*Section 8.02.* The *Ministro de Hacienda* 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 :

Oficina de Financiación Exterior  
 Ministerio de Hacienda  
 Alcalá 11 (Pasaje de la Caja de Ahorros)  
 Madrid 14, Spain  
 Cable address :  
 Financexterior  
 Madrid

## 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.

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

Spain :

By J. ARGÜELLES  
 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>
1. Construction (civil works including design and supervision)	\$7,550,000
2. Furniture and equipment . . . . .	3,000,000
3. Services (fellowships, specialists, Project administration) . .	520,000
4. Unallocated . . . . .	930,000
TOTAL	<u>\$12,000,000</u>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the goods and services included in Category 1, 2 or 3 shall decrease, the amount of the Loan then allocated to, and no longer required for, any such Category will be reallocated by the Bank to Category 4.

2. If the estimate of the cost of the goods and services included in Category 1, 2 or 3 shall increase, an amount equal to 50% of the amount, if any, of such increase to be financed out of the proceeds of the Loan will be allocated by the Bank, at the request of the Borrower, to such Category from Category 4, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of goods and services 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>
August 15, 1975 . . . . .	220,000	August 15, 1983 . . . . .	380,000
February 15, 1976 . . . . .	230,000	February 15, 1984 . . . . .	395,000
August 15, 1976 . . . . .	235,000	August 15, 1984 . . . . .	410,000
February 15, 1977 . . . . .	245,000	February 15, 1985 . . . . .	425,000
August 15, 1977 . . . . .	255,000	August 15, 1985 . . . . .	440,000
February 15, 1978 . . . . .	260,000	February 15, 1986 . . . . .	455,000
August 15, 1978 . . . . .	270,000	August 15, 1986 . . . . .	470,000
February 15, 1979 . . . . .	280,000	February 15, 1987 . . . . .	485,000
August 15, 1979 . . . . .	290,000	August 15, 1987 . . . . .	505,000
February 15, 1980 . . . . .	300,000	February 15, 1988 . . . . .	520,000
August 15, 1980 . . . . .	310,000	August 15, 1988 . . . . .	540,000
February 15, 1981 . . . . .	320,000	February 15, 1989 . . . . .	560,000
August 15, 1981 . . . . .	335,000	August 15, 1989 . . . . .	580,000
February 15, 1982 . . . . .	345,000	February 15, 1990 . . . . .	600,000
August 15, 1982 . . . . .	355,000	August 15, 1990 . . . . .	615,000
February 15, 1983 . . . . .	370,000		

\* To the extent that any part 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 part 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 . . . . .	1%
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 . . . . .	3½%
More than eleven years but not more than sixteen years before maturity . . . . .	5%
More than sixteen years but not more than eighteen years before maturity . . . . .	6%
More than eighteen years before maturity . . . . .	7%

### SCHEDULE 3

#### DESCRIPTION OF THE PROJECT

1. The Project consists of construction, equipping and initial operation of educational institutions as a first step in implementing the structural reform of the general educational system required for Spain's continued economic growth.

2. The Project includes :

- (a) construction and equipping of 19 basic-level general education schools and 20 secondary schools, such schools to serve as pilot experimental schools of the educational reform, as detailed in paragraph A of the Exhibit to this Schedule;
- (b) construction and equipping of 8 Institutes of Education for teacher training, such institutes to be part of 15 such institutes being established in public universities, as detailed in paragraph A of the Exhibit to this Schedule;
- (c) equipping and operation of the Research Center;
- (d) establishment and operation of the Project Unit within the Borrower's Ministry of Education with functions regarding, *inter alia*, supervision of the implementation of the Project, coordination within the Ministry and liaison with the Bank, all as more fully provided in Schedule 5 to the Loan Agreement; and
- (e) services of specialists and creation of fellowships relating to the foregoing, to be utilized for such purposes and during such periods substantially as detailed in paragraphs B and C of the Exhibit to this Schedule.

The Project is expected to be completed by September 30, 1973.

#### EXHIBIT TO SCHEDULE 3

##### A. *List of Educational Institutions*

<i>Type of Institution</i>	<i>Number</i>	<i>Total Enrollment</i>	<i>Staff Houses</i>
Basic-level general . . . . .	19	16,720	19
Secondary . . . . .	20	14,220	25
Institutes of Education . . . . .	8	2,800	—

##### B. *Specialists and Fellowships, and Approximate Period of Services*

- 1. 48 man-months of specialists to assist in the development of the practical subjects at secondary education level;

2. 56 man-months of specialists in facility planning;
3. 10 man-months of a specialist to assist in establishing implementation programs for the educational reform;
4. 10 man-months of a specialist in administration to advise on regulations subsequent to enactment of the General Education Law;
5. 66 man-months of management consultants to help modernize administration of the Ministry and its dependent units including the universities; and
6. 45 man-years of fellowships to train part of the staff needed for the Institutes of Education.

### C. Timetable for Specialists Services

	1970 Quarter		1971 Quarter				1972 Quarter		
	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd
<i>Bachillerato : practical options</i>									
Specialists in :									
Industrial Technology	***				***				
Commerce	***				***				
Home Economics	***				***				
Agriculture	***				***				
General Adviser and Coordinator	***	***	***	***	***	***	***	***	***
<i>Facility Planning :</i>									
Buildings	***	***	***	***	***	***	**		
Equipment	***	***	***	***	***	***	***	***	***
Other specialist services	***	***			***		***		
<i>Education Administration</i>									
to advise on regulations subsequent to passing of General Education Law	***	***	***	*					
<i>Programming of education reform and plans</i>									
	***	***	***	*					
<i>Management consultants (administration of the Ministry)</i>									
	***	***	***	***	***	***	***	***	***
	***	***	***	***	***	***	***	***	***
	***	***			***	***			
	***	***							

## SCHEDULE 4

## PROCUREMENT

A. *Contracts for Civil Works*

1. Contractors will be pre-qualified.

2. Before inviting bids, the Borrower will send to the Bank for its approval the following :

- (a) list of all contracts for civil works required for carrying out the Project, indicating the estimated value of each contract and the forecast timetable for bids and awards of such contracts. The contracts will be grouped in such a way as to encourage international competitive bidding. The invitations to bid for the educational institutions included in the Project will, *inter alia*, specify that the bidder will submit offers in respect of each institution or of all of them, together with related facilities, or any combination thereof, the bids therefor to be opened simultaneously and the Borrower to have the option of awarding to one contractor one contract in respect of all the institutions and facilities, or separate contracts in respect of the various institutions and facilities to different contractors;
- (b) description of the proposed international advertising coverage to ensure international competitive bidding, draft bid notices, pre-qualification questionnaires and description of pre-qualification procedures;
- (c) reports and recommendations on the pre-qualification data submitted and the proposed selected tender lists; and
- (d) draft bidding documents and draft contracts.

3. After bids have been received and evaluated, the Borrower will, before the award of a contract, send to the Bank, for its approval, a copy of the analysis of the bids and recommendations thereon and a brief statement justifying the Borrower's decision on the award.

4. Promptly after a contract has been awarded and before submission to the Bank of the first application for withdrawal of funds in respect of such contract, a signed copy of the contract will be sent to the Bank.

5. The Borrower will request the Bank's prior approval for any proposed change in a contract involving a price increase of 10% or more of the contract sum or more than \$25,000 equivalent, whichever is less, together with an explanation of the proposed change.

B. *Contracts for Equipment and Furniture*

1. Before inviting bids, the Borrower will send to the Bank, for its approval, the following :

- (a) lists of all items of equipment, books and furniture required for the Project showing the specifications and the estimated unit and total price of each item.

Items will be indexed, coded and numbered for identification with : (i) the Project institutions and Research Center, the latter being responsible for allocating the research equipment to each institute of education ; and (ii) the spaces for which the items are required. The items to be purchased will be grouped so as to permit such bulk procurement as shall be consistent with sound technical and procurement practices. Insofar as practicable, contracts for such items will be for minimum amounts of \$40,000 equivalent. Contracts for less than \$5,000 will not be submitted to the Bank for financing. Amendments to such lists will also be submitted to the Bank for approval ; and

(b) draft standard documents for inviting tenders, forms of contracts and description of the method to be used for obtaining bids on an international basis.

2. Procurement will be limited to those items of equipment, books and furniture specified in the approved lists mentioned in sub-paragraph B 1 (a) above and identified in contract documents by the same indexes, codes and numbers as in the lists.

3. For evaluating bids received for imported and locally manufactured furniture and equipment, the following method will be used :

(a) 15% of the quoted c.i.f. price, exclusive of customs duties and similar taxes on importation, or the existing level of customs duties, whichever is the less, of each bid submitted for imported furniture and equipment will be added to the quoted price ; and

(b) the lowest bid will then be determined by comparing the prices, as determined in sub-paragraph B 3 (a) above, of acceptable bids for imported furniture and equipment and the actual ex-factory prices of acceptable bids for locally manufactured furniture and equipment.

4. If a contract is awarded to a bidder other than the lowest bidder (within the meaning of the foregoing paragraph B 3), or involves a difference in price of 10% or more than the original estimate as shown pursuant to paragraph B 1 (a) above, the Borrower will, after the bids have been evaluated and before making the award, send to the Bank, for its approval, a summary and analysis thereof and a brief justification of the Borrower's decision on the award.

5. Promptly after bids have been evaluated and a contract has been awarded and before submission to the Bank of the first application for withdrawal of funds in respect of such contract, the following will be sent to the Bank :

(a) certificate signed by the Project Director, or his deputy, that the goods tendered for are in accordance with the quantities and specifications in the list approved by the Bank ;

(b) summary of the tenders received ;

(c) brief analysis of the tenders and justification for the Borrower's decision in making the award ; and

(d) signed copy of the contract.

## SCHEDULE 5

## PROJECT UNIT

1. The Project Unit, under the direction of the Project Director, will be directly responsible to the *Subsecretario* of the Ministry for the proper carrying out and supervision of the Project, working in close cooperation with all appropriate units of the Ministry. The Project Unit will be provided with adequate premises, equipment, professional staff (including an accountant) and supporting staff, means of communication, and transport.

2. The Project Unit will coordinate the services of :

- (a) a firm or firms of consultant-architects and specialists in facility planning (Exhibit to Schedule 3, paragraph B) to assist in the carrying out of Parts (a), (b) and (c) of the Project;
- (b) subject specialists from the Ministry and elsewhere (Exhibit to Schedule 3, paragraph B) to assist in the preparation of lists of and specifications for instructional equipment required for Parts (a) and (b) of the Project.

3. More specifically the Project Unit will be responsible, *inter alia*, for the following :

- (a) nomination of consultant-architects and finalization of their terms of reference;
- (b) administration of agreements with consultants;
- (c) preparation of a comprehensive implementation chart based on the Critical Path Method (CPM) or other similar method, for setting down the planned timetable of coordinated activities and responsibilities on which the carrying out of all aspects of the Project will be based. The chart will be prepared as the first step in implementing the Project, and the Bank will be given reasonable opportunity to comment on the planned timetable before it is put into effect;
- (d) arrangements for review and approval by appropriate authorities of the reports, specifications and other material submitted by the consultants;
- (e) advice and assistance to the consultant-architects, with the help of subject specialists, as needed, regarding (i) briefing as to the educational needs of the educational institutions included in the Project, and (ii) preparation of lists of all instructional equipment and furniture required for the institutions, together with specifications and estimated unit and total price of each item;
- (f) arrangements for the awarding of all contracts relating to the Project;
- (g) coordination and integration of all Project activities with other appropriate related activities of the Ministry;
- (h) organization and administration of : (i) recruitment and performance of the secondary education subject specialists, the specialists in facility planning, the specialist in education programming, the specialist in education administration, and the management consultants; (ii) their assignment from time to time for training purposes to the National School of Public Administration, and (iii) timely recruitment of qualified counterparts, as needed;
- (i) consultation with the Research Center to ensure the timely implementation of the



- fellowship program for the training abroad of staff for the Institutes of Education;
- (j) liaison with the Bank and other external aid or technical assistance agencies, and with all relevant ministries, authorities and agencies of the Borrower, in matters relating to the execution of the Project;
  - (k) keeping of Project accounts and preparation of interim evaluations and financial statements;
  - (l) preparation of applications for withdrawals from the Loan Account; and
  - (m) preparation of quarterly progress reports.

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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