

No. 11427

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

**Loan Agreement—*Third Education Project* (with annexed
General Conditions Applicable to Loan and Guarantee Agree-
ments). Signed at Washington on 7 May 1970**

Authentic text: English.

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

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

**Contrat d'emprunt — *Troisième projet relatif à l'enseigne-
ment* (avec, en annexe, les Conditions générales applicables
aux contrats d'emprunt et de garantie). Signé à Washington le
7 mai 1970**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 16 décembre 1971.*

LOAN AGREEMENT¹

AGREEMENT, dated May 7, 1970, between REPUBLIC OF CHILE (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has asked the Bank to assist in the financing of an education project consisting, *inter alia*, of the construction of new school buildings and of extensions to existing school buildings;

WHEREAS all educational institutions included in the Project are or will be operated by the Borrower's Ministry of Education;

WHEREAS the Borrower is the majority stockholder of Sociedad Constructora de Establecimientos Educacionales S.A. (hereinafter called "SCEE"), a company established under the laws of the Borrower in accordance with the provisions of Law No. 5989, dated January 14, 1937, of the Borrower and subsequent laws and decrees;

WHEREAS SCEE owns or will own the land and buildings of the educational institutions included in the Project and has undertaken to lease such facilities to the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

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, 1969,² 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 following additional terms have the following meanings :

(a) the term "Project Unit" means the project unit referred to in Section 5.01 (b) of this Loan Agreement; and

¹ Came into force on 21 October 1970, upon notification by the Bank to the Government of Chile.

² See p. 192 of this volume.

(b) the terms "Project Director" and "Project Architect" mean the project director and the project architect referred to in Paragraph 2 of Schedule 5 to this Loan Agreement.

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 seven million dollars (\$7,000,000).

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, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Loan 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, shall be required to meet payments to be made) for goods or services included in Categories III, IV and V of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement;
- (ii) the equivalent of forty per cent (40%) (or such other percentage as shall be established from time to time by the Bank for purposes of this Section) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Categories I and II of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement;

provided, however, that if there shall be a change in the estimate of expenditures under any of the Categories I through V of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement and set forth in said Schedule 1, the Bank shall by notice to the Borrower adjust the amounts set forth in said Schedule 1 or the above percentage as provided for in said Schedule 1.

Section 2.04. (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Categories

I, II and III of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan 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.

(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 included in Category III of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement.

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 March 15 and September 15 in each year.

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

Article III

USE OF PROCEEDS OF LOAN

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

Section 3.02. Except as the Bank shall otherwise agree, 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 Loan Agreement or as shall be agreed between the Borrower and the Bank.

Section 3.03. Except as the Bank may 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 *Ministro de Hacienda* 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. (a) The Borrower shall carry out Part 3 of the Project and make and maintain arrangements with SCEE, pursuant to Section 5.02 (b) of this Loan Agreement, for the carrying out by SCEE of Parts 1 and 2 of the Project, all with due diligence and efficiency and in conformity with sound technical, financial and administrative practices and with due regard to economy, and shall provide, and cause SCEE to be provided with promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall, for the purpose of carrying out Parts 1 and 2 of the Project, establish and maintain, within its Ministry of Education, a Project Unit with such responsibilities, powers and staff as are specified in Schedule 5 to this Loan Agreement.

(c) The Borrower shall, for the purpose of carrying out Part 3 of the Project, employ, to an extent and upon terms and conditions satisfactory to the Borrower and the Bank qualified and experienced educational experts, satisfactory to the Borrower and the Bank, to provide advice to the Borrower and to train certain staff of the Borrower in such experts' respective fields of expertise, as set forth in Exhibit B of Schedule 3 to this Loan Agreement as the same may be amended from time to time by agreement between the Borrower and the Bank.

(d) The Borrower shall select and appoint certain members of the staff of the Borrower's Ministry of Education to act as counterparts to the experts referred to in the preceding paragraph (c) of this Section, upon such terms and conditions as shall be agreed from time to time between the Borrower and the Bank and shall grant fellowships to such counterparts as the Borrower shall select, to receive training outside the territories of the Borrower, as set forth in Exhibit B of Schedule 3 to this Loan Agreement as the same may be amended from time to time by agreement between the Borrower and the Bank.

(e) The Borrower shall furnish to the Bank for its approval, promptly upon

their preparation, the master lists of instructional equipment and furniture required for the educational institutions included in the Project and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

(f) Except as the Bank shall otherwise agree, the Borrower shall promptly take all steps necessary to cause or to enable SCEE to acquire, not later than November 10, 1970, the ownership of all land which shall be required for the educational institutions included in the Project, the selection of such land to be subject to prior approval by the Bank.

Section 5.02. (a) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall not divest itself of ownership of, or otherwise lose effective control of, the majority of the voting shares of stock of SCEE.

(b) The Borrower and SCEE shall enter into an agreement, satisfactory to the Bank, for the purpose of the carrying out by SCEE of Parts 1 and 2 of the Project, containing, *inter alia*, provisions adequate to ensure that (i) SCEE shall be responsible for the design, contractual arrangements (subject to the Borrower's undertakings set forth in Schedule 4 to this Loan Agreement) and supervision in respect of such Parts of the Project; (ii) the execution of such Parts of the Project shall be carried out under terms and conditions satisfactory to the Bank including the right of the Bank to inspect such Parts of the Project and to request information and exchange views thereon with SCEE; (iii) qualified and experienced contractors, acceptable to the Borrower and the Bank, shall be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank; (iv) SCEE shall furnish to the Bank for its approval, promptly upon their preparation, the plans, specifications, contracts and schedules for the construction work included in such Parts of the Project; (v) the facilities for the educational institutions included under such Parts of the Project shall not be used for any purpose other than the purposes for which they were constructed or extended in carrying out such Parts of the Project; (vi) SCEE shall lease such facilities to the Borrower, under terms and conditions and for a period satisfactory to the Bank; and (vii) the Borrower shall adequately maintain, or enable SCEE to adequately maintain the buildings and equipment of the educational institutions included in the Project and make, or enable SCEE to make, all necessary renewals and repairs thereof in accordance with sound technical and administrative practices, and shall provide, or cause SCEE to be provided with, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(c) The Borrower shall (i) exercise every right and recourse available to it to cause SCEE to carry out and punctually to perform all the covenants, agreements and obligations to be performed by SCEE as set forth in the agreement

referred to in paragraph (b) of this Section; (ii) take or cause to be taken all action as may be necessary or appropriate to enable SCEE to perform such covenants, agreements and obligations; and (iii) not take any action or permit any of its agencies or political subdivisions or any agency of any such political subdivision to take any action that would hinder, interfere with or prevent the performance by SCEE of such covenants, agreements and obligations.

Section 5.03. Except as the Bank shall otherwise agree, the Borrower shall :

- (a) operate the educational institutions included in the Project in such manner as to achieve the Borrower's educational objectives, particularly to improve the quality and efficiency of the Borrower's educational system;
- (b) provide such educational institutions with qualified principals and teachers serving on a full-time basis;
- (c) maintain the full-day student enrollment level of such educational institutions at their respective total enrollment capacity as set forth in Exhibit A of Schedule 3 to this Loan Agreement or as from time to time determined by agreement between the Borrower and the Bank; and
- (d) maintain a balance between (i) the output of primary school teachers graduating from the Borrower's teacher training colleges and from the training programs of universities established within the territories of the Borrower and (ii) the overall demand for primary school teachers within the territories of the Borrower.

Section 5.04. 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 the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations, administration and financial condition, in respect of the Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or for the maintenance of all works, facilities and equipment related thereto; and shall enable the Bank's representatives to inspect the Project, the operation of the educational institutions included therein, the goods financed out of the proceeds of the Loan and any relevant records and documents.

Section 5.05. (a) The Borrower 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 and services financed out of the proceeds of the Loan, the operation of the educational system of the Borrower, the Borrower's programs for educational development and the operation, administration and financial condition, in respect of the

Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or for the maintenance of all works, facilities and equipment related thereto, and any other matters relating to the purposes of the Loan, the maintenance of the service thereof and 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 cooperate fully with each other 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 SCEE of their respective obligations under this Loan Agreement and the agreement referred to in Section 5.02 (b) of this Loan Agreement, the operation, administration and financial condition, in respect of the Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or for the maintenance of all works, facilities and equipment related thereto, and other matters relating to the purposes of the Loan.

(c) 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 or the performance by the Borrower or SCEE of their respective obligations under this Loan Agreement and the agreement referred to in Section 5.02 (b) of this Loan Agreement.

(d) 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 5.06. The Borrower undertakes to insure or cause to be insured, or make other provisions satisfactory to the Bank for the insurance of, 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 5.07. 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 Banco Central de Chile.

Section 5.08. 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 5.09. This 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 or in Section 6.02 of this Loan 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, interest and charges shall become due and payable immediately, anything to the contrary in this 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 event specified in Section 6.03 of this Loan Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

Section 6.03. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely :

The agreement referred to in Section 5.02 (b) of this Loan Agreement shall have been suspended, terminated, repealed or amended, without the prior agreement of the Bank.

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) The execution and delivery of the agreement referred to in Section 5.02 (b) of this Loan Agreement have been duly authorized or ratified by all necessary corporate and governmental action of the Borrower and SCEE;
- (b) The Borrower has established the Project Unit; and
- (c) The Borrower has appointed the Project Director and the Project Architect to the Project Unit.

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, namely : that the agreement referred to in Section 5.02 (b) of this Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

Section 7.03. The date of August 5, 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, 1975, or such other date as shall be agreed between the Borrower and the Bank.

Section 8.02. The *Ministro de Educación Pública* 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 :

Ministerio de Educación Pública
Alameda Bernardo O'Higgins 1371
Santiago de Chile

Alternative address for cables :

Mineduc
Santiago de Chile

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 CHILE :

By DOMINGO SANTA MARIA

Authorized Representative and also on behalf of the
Controller General of the Republic of Chile

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT :

By SIMON ALDEWERELD
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Construction works and professional services	3,400,000
II. Furniture	270,000
III. Instructional equipment and C.I.F. cost of imported construction material	1,800,000
IV. Technical assistance for Part 3 of the Project.	475,000
V. Fellowships for Part 3 of the Project	60,000
VI. Unallocated	995,000
TOTAL	<u>7,000,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

If there shall be a change in the estimate of expenditures under any of the Categories I through V, the Bank shall by notice to the Borrower take either or both of the following courses : (a) transfer the amount of the Loan then allocated to any of the Categories I through V to any other of such Categories as it deems appropriate or (b) substitute a revised percentage for the purpose of Section 2.03 (ii) of this Loan Agreement, in order to maintain the contribution of the Bank to the financing of the Project at 50% of the total cost thereof, provided, however, that disbursements shall be made, to the extent practicable, so as to (1) meet the reasonable foreign exchange cost of items included under Categories IV and V; and (2) ensure that withdrawals of the amount of the Loan allocated to Categories I and II and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

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>
March 15, 1980	130,000	March 15, 1988	225,000
September 15, 1980	135,000	September 15, 1988	230,000
March 15, 1981	140,000	March 15, 1989	240,000
September 15, 1981	145,000	September 15, 1989	245,000
March 15, 1982	150,000	March 15, 1990	255,000
September 15, 1982	155,000	September 15, 1990	265,000
March 15, 1983	160,000	March 15, 1991	275,000
September 15, 1983	165,000	September 15, 1991	285,000
March 15, 1984	170,000	March 15, 1992	295,000
September 15, 1984	175,000	September 15, 1992	305,000
March 15, 1985	180,000	March 15, 1993	315,000
September 15, 1985	190,000	September 15, 1993	325,000
March 15, 1986	195,000	March 15, 1994	335,000
September 15, 1986	200,000	September 15, 1994	340,000
March 15, 1987	210,000	March 15, 1995	350,000
September 15, 1987	215,000		

* 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	3%
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	2½%
More than eleven years but not more than sixteen years before maturity	4½%
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 :

Part 1. Construction, furnishing and equipping of :

- (a) one new primary teacher training college; and
- (b) four new agricultural secondary schools.

Part 2. Construction of extensions to, improvement of, and supplementary furnishing and equipping of :

- (a) ten existing primary teacher training colleges; and
- (b) seven existing agricultural secondary schools.

Part 3. (a) Establishment by the Ministry of Education of the Borrower of suitable training programs for educational staff of the Borrower and (b) improvement and strengthening of the administrative and supervisory services of the Ministry of Education of the Borrower for primary teacher training colleges and agricultural secondary schools, including, for both (a) and (b), the provision of technical assistance and the granting of overseas fellowships as set forth in Exhibit B to this Schedule.

The specific educational institutions to be included in Parts 1 and 2 of the Project, the location and planned total enrollment capacity thereof and the approximate area to be constructed for each one, shall be as specified in Exhibit A of this Schedule, subject to modification by further agreement between the Borrower and the Bank.

The Project is expected to be completed by September 30, 1974.

EXHIBIT A

LIST OF EDUCATIONAL INSTITUTIONS

<i>Code No.</i>	<i>Location</i>	<i>Total enrollment capacity*</i>	<i>Area of new construction (approx. gross sq. met.)</i>
New Primary Teacher Training Colleges (<i>Part 1 (a) of the Project</i>)			
101	Viña del Mar	800	6,250

<i>Code No.</i>	<i>Location</i>	<i>Total enrollment capacity*</i>	<i>Area of new construction (approx. gross sq. met.)</i>
Existing Primary Teacher Training Colleges			
<i>(Part 2 (a) of the Project)</i>			
201	Santiago	1,200	—
202	Antofagasta	300	—
203	Copiapó	300	—
204	Curicó	400	—
205	Talca	400	1,150
206	Chillán	400	900
207	Angol	400	—
208	Victoria	400	—
209	Valdivia	400	250
210	Ancud	300	—
New Agricultural Secondary Schools			
<i>(Part 1 (b) of the Project)</i>			
301	San Fernando**	406	7,950
302	Chillán**	406	8,000
303	Los Angeles	406	7,700
304	Temuco**	406	7,800
Existing Agricultural Secondary Schools			
<i>(Part 2 (b) of the Project)</i>			
401	Maipú	406	6,900
402	Ovalle	406	6,000
403	San Felipe	406	4,900
404	Molina	406	5,100
405	Duao	406	6,100
406	Yerbas Buenas	406	5,100
407	Coyhaique	406	3,600

* For the institutions to be extended, the capacity indicated is the total for the extended facility.

** Land to be acquired (see Section 5.01 (f) of this Loan Agreement).

EXHIBIT B

TECHNICAL ASSISTANCE AND FELLOWSHIPS FOR PART 3 OF THE PROJECT

I. Primary Teacher Training Colleges

- 1 Chief Adviser, who shall be an experienced educational administrator (2 years).

- 2 Specialists in curriculum development and in-service training in the following fields (3 years each) :
- (a) Science
- (b) Mathematics
- 3 Advisers for a total of to be recruited not later than January 1, 1971 8 man/years
- Short-term consultants (as required) 2 man/years.
- 10 man/years.

II. *Agricultural Secondary Schools*

- 1 Adviser on agricultural education, who shall be a competent specialist in this type of education.
- 2 Specialists in training teachers of agriculture, as follows :
- (a) one expert in administration of agricultural teacher training institutions;
- (b) one expert in preparation of training materials and courses.
- 3 Specialists for a period of three years each, or 9 man/years.

- III. Fellowships for 12 man/years to enable local educational administrators and supervisory and teacher training staff to have training abroad to widen their experience in their respective fields.

SCHEDULE 4

PROCUREMENT PROCEDURES

A. *Construction Works*

1. Contractors shall be prequalified.
2. Before inviting bids, the Borrower shall request the Bank's agreement to the following :
 - (a) A list of all contracts to be let, with estimated values, indicating the forecast timetable for their award;
 - (b) Draft bid notices, prequalification questionnaires and a description of the proposed prequalification procedures;
 - (c) The Project Unit's report and recommendations on the prequalification data and the proposed list of prequalified contractors; and
 - (d) Draft standard documents to be used for inviting tenders, forms of contracts and a description of the proposed tendering procedures.

3. After bids have been received and evaluated, the Borrower shall send to the Bank a copy of the Project Unit's report and recommendations and a brief justification of the Borrower's decision for the award; provided that the Borrower shall request the Bank's agreement before making the award in the case of : (a) any contract for school

construction under Part 1 of the Project; (b) any proposal for award to other than the lowest evaluated bidder; or (c) any proposed contract in an amount exceeding the value estimated under paragraph 2 (a) above by more than 10% or the equivalent of \$10,000 whichever is the higher.

4. After a contract is awarded, the Borrower shall :

- (a) Furnish the Bank with a signed copy thereof; and
 - (b) Submit to the Bank's prior agreement any proposal for a subsequent change in the contract which would increase the amount payable thereunder by more than 10% of the original contract price together with the reason for the proposed change.
5. Fixed furniture and fittings shall be part of construction works contracts.

B. Movable Furniture and Instructional and Other Equipment

1. The Borrower shall prepare lists of all required instructional equipment, books and furniture other than the fixed furniture and fittings referred to in paragraph A5 above. Such lists shall show the quantities, brief specifications and estimated unit and total cost for each item (C.I.F. port of entry, in case of imports). Each item shall be assigned a code number to indicate the type of item and the educational institution where it is to be installed. Such lists shall be submitted for the Bank's agreement before inviting bids. Procurement shall be in agreement with such lists as approved.

2. Whenever feasible, items shall be grouped for procurement to permit bulk ordering. Contracts shall take into account the destination of the items listed and the dates upon which such items will be required on site to conform with construction schedules.

3. Before inviting bids, the Borrower shall request the Bank's agreement to the following :

- (a) A forecast timetable for the procurement of the items, grouped for bid purposes as provided in paragraphs B1 and B2 above.
- (b) Proposed standard bid, tender and contract documents, together with a description of the proposed tendering procedures.

4. Pursuant to paragraph 2.8 of the Guidelines for Procurement referred to in Section 3.02 of this Loan Agreement, the Bank agrees that where bids are submitted by manufacturers or suppliers, established in the territories of the Borrower, of goods manufactured or processed to a substantial extent within the territories of the Borrower (Local Bids), the following rules shall be observed for the purpose of comparing any Local Bid to any other competing bid (Foreign Bids) :

- (a) All taxes on the importation of the goods offered shall first be excluded from the total of any Foreign Bid.
- (b) The portion of any Foreign Bid representing the C.I.F. landed price of such goods shall then be increased by 15% thereof or the applicable amount of such taxes as they generally apply to non-exempt purchasers importing such goods in the territories of the Borrower whichever is lower.

- (c) The figure resulting from (b) above plus the portion of the same Foreign Bid representing inland freight, insurance and other costs of delivery of such goods to their site of use or installation, as designated in the specifications, shall be deemed to be the price of such Foreign Bid for purposes of comparison with the Local Bids.
- (d) If the price of the goods delivered to such site offered by the lowest evaluated Local Bid is equal to or lower than the comparison price of the lowest evaluated Foreign Bid arrived at under (b) and (c) above, then such Local Bid may be considered the lowest evaluated bid for purposes of paragraph 3.9 of the said Guidelines for Procurement.
- (e) In cases where it is recommended to award a contract to a Local Bid, the bid analysis shall state the amount of the taxes referred to in (b) above and the proportion of the C.I.F. landed price of goods offered under the lowest evaluated Foreign Bid represented by such amount.

5. After bids have been received and evaluated, the Borrower shall send to the Bank a copy of the Project Unit's report and recommendations and a brief justification of the Borrower's decision for the award; provided that in the case of any contract involving an amount equivalent to \$50,000 or more, the Borrower shall request the Bank's agreement before making the award.

6. After a contract is awarded, the Borrower shall :

- (a) Furnish the Bank with a signed copy thereof; and
- (b) Submit to the Bank's prior approval and proposal for a subsequent change in the contract which would increase the amount payable thereunder by more than 10% of the original contract price or the equivalent of \$5,000, whichever is the lower, together with the reason for the proposed change.

C. If it is proposed to make a substantial modification of tender documents, or to award any contract under A or B hereof to a bidder other than the lowest evaluated bidder, the Borrower shall submit to the Bank the reasons for so doing, respectively before the invitation for bids or before award is made.

D. *Technical Assistance and Fellowships*

The award of technical assistance contracts and fellowships for study abroad, provided under Categories IV and V of Schedule 1 to this Loan Agreement, shall be subject to the prior approval of the Bank. In requesting approval, the Borrower shall submit the names and *curricula vitae* of specialists to be recruited under such contracts and of the trainees to receive such fellowships. In the case of fellowships, the Borrower shall also provide information about the purpose, program and place of the training and the estimated cost involved.

SCHEDULE 5

THE PROJECT UNIT

1. The Project Unit shall be responsible for the execution of Parts 1 and 2 of the Project. It shall have, *inter alia*, the necessary powers for :

- (a) the approval of the design of facilities for the educational institutions included in the Project and of the lists of furniture to be procured for such educational institutions;
- (b) the preparation of detailed price lists of the instructional and other equipment to be procured for such educational institutions;
- (c) the coordination of the preparation of bidding documents for all construction works and for the procurement of furniture; the preparation of bidding documents for the procurement of instructional and other equipment; the analysis of bids and, where required by Schedule 4 to this Loan Agreement, the making of recommendations regarding the award of contracts;
- (d) the coordination of the regular inspection of all construction works; and
- (e) the keeping of records, including financial records, of the execution of Parts 1 and 2 of the Project and the preparation of regular reports to the Bank.

2. The Project Unit shall consist of :

- (a) a full-time qualified and experienced Project Director who shall have overall responsibility for the direction and coordination of the Project Unit's work ;
- (b) a full-time qualified Project Architect experienced in school design, who shall be particularly responsible for the direction and supervision of all construction works and for liaison with all agencies of the Borrower having jurisdiction over such works; and
- (c) such technical, accounting, administrative and secretarial staff as may be required for the discharge of the Project Unit's responsibilities.

Before appointing the above-mentioned Project Director and Project Architect the Borrower shall afford the Bank reasonable opportunity to comment on such appointments and shall take the Bank's comments into consideration.

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.*]