

No. 12007

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

**Development Credit Agreement—*Second Education Project*
(with schedules and General Conditions Applicable to
Development Credit Agreements). Signed at Washing-
ton on 9 March 1972**

Authentic text: English.

*Registered by the International Development Association on 26 September
1972.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

**Contrat de crédit de développement — *Deuxième projet re-
latif à l'enseignement* (avec annexes et Conditions géné-
rales applicables aux contrats de crédit de développe-
ment). Signé à Washington le 9 mars 1972**

Texte authentique : anglais.

*Enregistré par l'Association internationale de développement le 26 septem-
bre 1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 9, 1972, between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (*h*) thereof and to the renumbering of Section 6.02 (*i*) into 6.02 (*h*) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following terms have the following meanings:

(a) "Project Implementation Unit" means the unit referred to in paragraph (*a*) of Section 3.02 of this Agreement; and

(b) "Agency for Agricultural Education and Training" means the agency established pursuant to Presidential Decree No. 8 of 1972 of the Borrower, and whose organization and functions are set forth in the Ministerial Decree No. 88/KPTS/ORG/2/1972 of the Borrower, as such decrees may be amended from time to time.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or

¹ Came into force on 7 June 1972, upon notification by the Association to the Government of Indonesia.

² See p. 348 of this volume.

referred to, an amount in various currencies equivalent six million three hundred thousand dollars (\$6,300,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree: (i) the civil works contracts estimated to cost less than two hundred thousand dollars (\$200,000) equivalent, required for the Project and to be financed out of the proceeds of the Credit, shall be procured under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement; and (ii) goods and other services (other than consultants' services) to be financed out of the proceeds of the Credit shall be procured on the basis of international competition under the same procedures.

Section 2.04. The Closing Date shall be December 31, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 15 and October 15 commencing April 15, 1982 and ending October 15, 2021, each installment to and including the installment payable on October 15, 1991 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Without limitation to the obligations of the Borrower under paragraph (a) of this section, the Borrower shall ensure that sufficient liquid funds to cover the budgeted expenditures, estimated to be made for the Project during each quarter, shall be available not later than the fifteenth day of such quarter.

Section 3.02. (a) The Borrower shall within its Ministry of Agriculture establish and maintain a Project Implementation Unit employing, *inter alia*, a full-time project director, a project architect, a procurement officer and an accountant, such project director and project architect to be appointed in consultation with the Association, and such unit to have duties and responsibilities as specified in Schedule 4 to this Agreement.

(b) The Borrower shall cause (i) the procurement officer and the accountant referred to in the preceding sub-section to be appointed according to a timetable agreed with the Association; and (ii) the Project Implementation Unit referred to in the preceding sub-section to be provided with such other staff, facilities and resources as shall be required for its efficient operation.

Section 3.03. The Borrower shall furnish to the Association from time to time evidence satisfactory to the Association that the Borrower, prior to scheduled construction, has acquired user rights, acceptable to the Association, for the land and buildings required for the carrying out of Parts A and B of the Project.

Section 3.04. (a) In order to assist the Borrower in planning and supervising the works included in the Project, the Borrower shall in addition to the staff of the Borrower's Ministry of Public Works, employ consultants acceptable to, upon terms and conditions satisfactory to, the Borrower and the Association.

(b) In carrying out Parts A and B of the Project, the Borrower shall employ contractors acceptable to, upon terms and conditions satisfactory to, the Borrower and the Association.

Section 3.05. (a) In carrying out Part E (a) of the Project, the Borrower shall employ specialists acceptable to, upon terms and conditions satisfactory to, the Borrower and the Association.

(b) In carrying out Part E (b) of the Project the Borrower shall: (i) in consultation with the Association, select qualified local staff for training overseas, who, upon their return, would become counterparts to such specialists; and (ii) through its Agency for Agricultural Education and Training, establish, with the assistance of such specialists, fellowship programs agreed with the Association.

Section 3.06. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.07. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the contract documents, construction and procurement schedules and lists of equipment and furniture for the Project and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall furnish to the Association for its concurrence, promptly upon their preparation, all plans and specifications related to the construction works included in the Project.

(c) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Article IV

OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.02. (a) Except as the Association shall otherwise agree, the Borrower shall, through the local representatives of its Ministry of Agriculture, make or cause to be made available not later than the fifteenth day of each quarter all funds, facilities, services and other resources required for the effective utilization, staffing, equipment, operation and maintenance of the Project institutions.

(b) The Borrower shall cause the buildings, furniture and equipment of the Project institutions to be adequately maintained and shall promptly as needed cause all necessary repairs and renewals thereof to be made.

Section 4.03. (a) Upon completion of Parts A, B and C of the Project, the Borrower shall forthwith cause curricula acceptable to the Association to be introduced for the institutions included in such Parts of the Project.

(b) The Borrower shall cause each one of the institutions included in Parts A *(a)* and B *(a)* of the Project to be provided with the use of sufficient farm land (about 85 hectares) for practical student training in farming.

Section 4.04. The Borrower shall cause all middle level in-service training for the Directorates of Agricultural Services, Animal Husbandry, Plantations (Smallholders) and Fisheries (Inland) of the Borrower to be centralized in the institutions included in Part B *(b)* of the Project.

Section 4.05. The Borrower shall cause the full-time teaching staff of the institutions included in Parts A *(a)* and B of the Project to have been adequately trained by the time such Parts of the Project are completed.

Section 4.06. (a) The Borrower shall cause, after the year 1974, the qualifications of new teaching staff for the institutions included in Parts A, B and C of the Project to be a university degree in agriculture and a course in pedagogy.

(b) The Borrower shall, upon completion of Parts A, B and C of the Project, cause the teaching staff at the institutions included in such Parts of the Project to be employed at salaries which, together with other emoluments received as a direct result of their employment in such institutions, shall be at such levels as shall be adequate to allow such teaching staff to devote their professional attention exclusively to such institutions.

Section 4.07. The Borrower shall: (i) within six months after the date of this Agreement, appoint the staff and commence the operations of the Agency for Agricultural Education and Training; and (ii) before April 1, 1975 have transferred the operation and management of all institutions of agricultural education and training administered by the Borrower's Minister of Agriculture to such Agency.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial condition, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with,

the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 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 Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely, that the decrees referred to in paragraph (b) of Section 1.02 of this Agreement shall have been materially amended, suspended, abrogated, repealed or waived, or shall cease to be enforced, so as to materially affect the operations of the

Agency for Agricultural Education and Training without the prior concurrence of the Association.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that the events specified in Section 7.02 of this Agreement shall have occurred.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions: the Project Implementation Unit has been established and a project director and a project architect have been appointed, all in accordance with Section 3.02 (a) of and Schedule 4 to this Agreement.

Section 8.02. The following is specified as an additional matter, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the decrees referred to in paragraph (b) of Section 1.02 of this Agreement have been duly and validly issued.

Section 8.03. The date June 8, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Article IV and Sections 7.02 and 7.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date 25 years after the date of this Agreement, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Post Office Box 21
Djakarta, Indonesia

Cable address:

Ministry Finance
Djakarta

For the Association:

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

Cable address:

Indevas
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.

Republic of Indonesia:

By SJARIF THAJEB
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Equipment	1,700,000	100% of foreign expenditures
II. Furniture	100,000	100% of foreign expenditures or 17% of local expenditures (rep- resenting the estimated foreign exchange component)
III. Civil Works	2,350,000	42% of total expenditures (rep- resenting the estimated foreign exchange component)
IV. Consultants' Services	140,000	100% of foreign expenditures
V. Technical Assistance	810,000	100% of foreign expenditures
VI. Unallocated	<u>1,200,000</u>	
	TOTAL <u><u>6,300,000</u></u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower;

(b) The term "local expenditures" means expenditures for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement; and

(b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and
- (c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of local expenditures under Category II or total expenditures under Category III shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following parts:

Part A.

The construction, equipping and furnishing of the following new institutions:

<i>Type</i>	<i>Location</i>	<i>Area sq meters (approx.)</i>	<i>Total Places (approx.)</i>
(a) Agricultural Senior Secondary Schools	Darmaga Goa	5,550 5,550	240 240
(b) Forestry Technician Training Center	Samarinda	2,590	80

Part B.

The rehabilitation, conversion of existing space, expansion, and provision of additional equipment and furniture for the following existing institutions:

<i>Type</i>	<i>Location</i>	<i>Additional Area sq. meters (approx.)</i>	<i>Total Places (approx.)</i>
(a) Agricultural Senior Secondary Schools	Sare Atjeh	5,260	240
	Medan	2,990	240
	Padang	2,100	240
	Palembang	3,260	240
	Bogor	1,410	240
	Jogjakarta	3,960	240
	Malang	2,650	240
	Malang	1,870	240
	Mataram	3,710	240
	Bandjarbaru	2,160	120
	Ambon	1,900	120
	Manokwari	4,000	120
	(b) Agricultural In-Service Training Centers	Banda Atjeh	1,350
Tandjung-Morawa		400	40
Badarbuat		1,410	60
Martapura		990	40
Tjihea		1,360	60
Lembang		1,280	60
Soropadan		1,630	60
Tegalondo		730	60
Kendalpajak		1,030	60
Ketindan		1,550	60
Denpassar		1,150	60
Batangkaluku		1,190	60
Binuang		1,560	60
(c) Agricultural Institute	Tjiawi	920	120

Part C.

Additional equipment for the Forestry Technician Training Center at Madiun.

Part D.

The provision of equipment and furniture for the Agency for Agricultural Education and Training and for the Project Implementation Unit.

Part E.

(a) The provision of approximately twenty-four man-years of specialists' services to the Agency for Agricultural Education and Training as follows:

- (i) approximately three man-years for a specialist in agricultural education planning to assist the Agency for Agricultural Education and Training develop short- and long-term agricultural educational and training plans;
 - (ii) approximately twelve man-years for four specialists in modern science, agricultural technology, farm management and school management and organization to assist in the implementation of the new curriculum of the agricultural senior secondary schools and improve the administration of such schools and of the in-service training centers;
 - (iii) approximately six man-years for two specialists in the teaching of agricultural technology, farm management and modern science to assist in the expansion of the teacher training program; and
 - (iv) approximately three man-years for a tropical forester/educator to assist in the development of the curriculum and training programs and techniques for forestry technicians.
- (b) The provision of fellowships for approximately twenty-eight man-years for studies by local personnel in the fields of educational planning, management and organization of agricultural schools, and development and introduction of new curricula, as follows:
- (i) approximately eight man-years for overseas training of selected local staff who, upon their return, would be qualified to become counterparts to the technical assistance specialists; and
 - (ii) approximately twenty man-years for training and orientation of selected staff of the Project institutions in organization and administration of educational institutions, agricultural technology and farm management, farm machinery and teaching of modern science.

The Project is expected to be completed by June 30, 1976.

SCHEDULE 3

PROCUREMENT

A. *Contracts for Civil Works*

1. Contractors will be prequalified in accordance with a prequalification procedure satisfactory to the Association.

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

- (a) a list of all contracts for civil works to be awarded in carrying out the Project, indicating the estimated value of each contract and the forecast timetable for obtaining it. The contracts will be grouped in such a way as to encourage international competitive bidding;
- (b) a description of the proposed advertising coverage to ensure international competitive bidding, draft bid notices, prequalification questionnaires and a description of prequalification procedures;
- (c) the consultant's report and recommendation on the prequalification data submitted and the proposed selected tender list;
- (d) draft bidding documents including draft contracts. 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 of them, or any combination thereof. The bids shall be opened simultaneously. The Borrower shall have the option of awarding to one contractor one contract in respect of all the educational institutions and facilities, or separate contracts or a combination of contracts in respect of the various educational institutions and facilities. The Borrower shall make such additions or deletions in such proposed tender list and such modifications in such draft bidding documents and draft contracts as the Association shall reasonably request.

3. After bids have been received and evaluated, the Borrower will, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and the reasons for the intended award, and will furnish to the Association, in sufficient time for its review, a detailed report by the Borrower's consultants on the evaluation and comparison of the bids received, together with the recommendations of said consultants for award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

4. Promptly after a contract has been awarded, and before submission to the Association of the first application for withdrawal of funds in respect thereof, two certified conformed copies of the contract will be sent to the Association. Two certified conformed copies of any subsequent contract amendment will also be sent to the Association.

5. The Borrower will request the Association's concurrence with any proposed change in a contract involving a price increase of 10% or more of the contract price or of \$100,000 or more equivalent, whichever is less, together with an explanation of the proposed change.

6. In the event that the estimate as agreed between the Borrower and the Association of the total costs of civil works required for any of the Project institutes and to be financed out of the proceeds of the Credit shall be less than \$200,000

equivalent, procurement of such civil works shall not be subject to the requirements of international advertisement set forth in the Guidelines referred to in Section 2.03 (i) of this Agreement, but, subject thereto, the procedures of such Guidelines and the provisions of this Schedule shall be applicable in all respects to all contracts for such civil works.

B. *Contracts for Equipment and Furniture*

1. The items to be purchases 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 groups will be for not less than \$40,000 equivalent. Contracts in amounts of less than \$5,000 equivalent will not be submitted to the Association for concurrence or financing out of the proceeds of the Credit.

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

- (a) lists of all items of equipment (together with corresponding curriculum objectives) and furniture required for the Project and the proposed grouping thereof, showing the specifications and the estimated unit price of each item and the total price of each category of items. Items will be indexed, coded and numbered for identification with the educational institution in question and the space for which they are required. Amendments to such lists will also be submitted to the Association for approval; and
- (b) draft standard documents for inviting tenders, forms of contracts and a description of the method to be used for inviting bids on an international basis, including the proposed advertising procedures. Bidding documents will specify, *inter alia*, that bidders must bid for at least 85% of each package. However, at the Borrower's option, awards may be made for less than one package if such a solution appears to be more economical.

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

4. For evaluating any competing bids received for imported and for locally manufactured equipment and furniture, for the purposes of comparison, the following method will be used:

- (a) The term "Local Bid" means a bid offering goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in the territories of the Borrower; any bid offering other goods shall be deemed a Foreign Bid.
- (b) The comparison bid price under a Local Bid shall be the sum of the following amounts:
 - (i) the ex-factory price of such goods; and

- (ii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.
- (c) For the purpose of comparing any Foreign Bid with any Local Bid the comparison bid price under a Foreign Bid shall be the sum of the following amounts:
- (i) the c.i.f. price of such goods;
 - (ii) any such taxes, as generally apply to such goods of non-exempt importers, or 15% of the amount specified in (c) (i) above, whichever shall be lower; and
 - (iii) inland freight and insurance, and other costs of delivery of such goods to the place of their use or installation.

5. If (a) Foreign and Local Bids have been so compared, or (b) a contract is proposed to be awarded to a bidder other than the lowest evaluated bidder (taking into account, if applicable the foregoing paragraph B.4, or (c) a proposed award involves a difference in price of 15% or more from the original estimate as shown pursuant to paragraph B. 2. (a) above, the Borrower will, after the bids have been evaluated and before making the award, send to the Association for its prompt approval, a summary and analysis thereof and a brief justification of the Borrower's proposal for the award.

6. Promptly after bids have been evaluated and a contract has been awarded and before submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, the following will be sent to the Association (if not already furnished under paragraph B. 5. above):

- (a) a certificate signed by the Project Director or his deputy that the goods covered by the contract are in accordance with the quantities and specifications in the list approved by the Association;
- (b) a list of the bids received;
- (c) a brief analysis of the bids and justification for the Borrower's decision in making the award; and
- (d) two certified conformed copies of the contract.

The Association shall, if it determines that the award of the contract is not consistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

7. Two certified conformed copies of any subsequent amendment to any contract referred to in paragraph B. 6. (d) hereof will also be sent promptly to the Association.

SCHEDULE 4

PROJECT IMPLEMENTATION UNIT

1. The Project Implementation Unit, within the Borrower's Ministry of Agriculture and under the direction of the Project Director, will be responsible for the overall management of the Project, coordination with the Borrower's Ministries and other parties involved in the Project. The Project Director will be directly responsible to the Secretary General until the Agency for Agricultural Education and Training is established and, thereafter, to the Director of such Agency.

2. The Project Director will be assisted by the Project Architect who will be responsible for liaison with the Borrower's Ministry of Public Works. In addition, the Project Director will be assisted by a Procurement Officer and an Accountant. The Project Director will in particular carry out the functional liaison with the educational bodies concerned and will ensure that the construction, extensions, conversions, modifications, equipment and furnishing of all educational premises be consistent with educational requirements.

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

- (a) coordination and integration of all Project activities with the Ministries and other public or semi-public agencies of the Borrower;
- (b) arrangements for the selection of the consultant architects, the establishment of their terms of reference and administration of their agreements;
- (c) preparation, with the help of the Borrower's Ministry of Public Works and the consultant architects, of a comprehensive implementation schedule based on the Critical Path Method, Gantt Chart or other satisfactory 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;
- (d) arrangements for the review and approval by appropriate authorities of the reports, specifications and other material submitted by the consultants and other specialists;
- (e) advice and assistance to the Borrower's Ministry of Public Works and the consultant architects with the help of the specialists in agricultural secondary school courses, in agricultural teacher training and in service training and of other specialists from the Borrower's Ministry of Agriculture or other educational institutions in Indonesia as needed, as to the educational needs (including equipment requirements) of the institutions included in the Project;
- (f) preparation of the documents required under paragraph B. 2. of Schedule 3 to this Agreement;
- (g) necessary arrangements for inviting bids and awarding contracts relating to the Project;

- (h) keeping of accounts for the Project and preparation of interim evaluation and financial statements therefor;
- (i) preparation for submission to the Association through proper channels of applications for withdrawals from the Credit Account; and
- (j) preparation of quarterly progress reports for submission to the Association.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]
