

No. 12073

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

**Loan Agreement—*Education Project* (with schedules and
General Conditions Applicable to Loan and Guarantee
Agreements). Signed at Washington on 21 June 1971**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development
on 17 October 1972.*

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

**Contrat d'emprunt — *Projet relatif à l'enseignement* (avec
annexes et Conditions générales applicables aux contrats
d'emprunt et de garantie). Signé à Washington le
21 juin 1971**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 17 octobre 1972.*

LOAN AGREEMENT¹

AGREEMENT, dated June 21, 1971, between FEDERATIVE REPUBLIC OF BRAZIL (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, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof and to the amendment of Section 6.02 (i) thereof to read as follows: "Any event specified in paragraph (e) or (f) of Section 7.01 shall have occurred." (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, 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 additional terms have the following meanings:

(a) "Ministry" means the *Ministro da Educação e Cultura* of the Borrower, and shall include any successor thereto;

(b) "Project Unit" means the Project implementation unit (*Grupo Tarefa*) established or to be established in the Ministry, as required by Section 3.01 (c) of this Agreement;

(c) "State" means the State of São Paulo of the Borrower;

(d) "University" means the Federal University of Santa Maria an autonomous university of the Borrower;

(e) "*Colegios*" means the agricultural and industrial *colegios* included in the Project; and

(f) "Engineers Centers" means the operational engineers centers included in the Project.

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 eight million four hundred thousand dollars (\$8,400,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan 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 Bank shall so agree, to be made) in respect of the reasonable

¹ Came into force on 28 October 1971, upon notification by the Bank to the Government of Brazil.

² See p. 90 of this volume.

cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank 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 Bank shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Loan, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1975 or such other date as shall be agreed between the Borrower and the Bank.

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 and one-quarter per cent ($7\frac{1}{4}\%$) 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 3 to this Agreement.

Section 2.09. 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 2.10. The *Ministro da Fazenda* 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 III. EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project (except for parts 2 (a) and 2 (c)), shall cause the University to carry out part 2 (a) of the Project and shall cause the State to carry out part 2 (c) of 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: (i) within nine months of the date of this Agreement or such other later date as the Bank shall determine make and thereafter maintain with the State and the University, contractual arrangements satisfactory to the Borrower and the Bank in respect of the financing of parts 2 (a) and 2 (c) of the Project (including arrangements for the provision of funds for meeting all recurrent costs) and the carrying out and operation, in accordance

with the provisions of this Agreement, by the University of part 2 (a) of the Project and by the State of part 2 (c) of the Project; and (ii) implement and enforce such arrangements as required for the purpose.

(c) The Borrower shall operate the Project Unit with such functions and responsibilities as are described in Schedule 5 to this Agreement, such Unit to be staffed on a full-time basis with a Project Director, a Project Architect, a Project Educator and two regional officers, all of them acceptable to the Borrower and the Bank, and to be provided with such facilities (including transport and communication facilities), resources, premises and supporting staff as shall be required by it to carry out its duties under this Agreement.

Section 3.02. (a) In order to assist the Borrower in carrying out the Project (including the survey referred to in part 2 (g) of the Project) the Borrower shall: (i) employ planning, curriculum and staff development, and management specialists and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank, the services of such specialists and experts to be utilized unless the Bank shall otherwise agree, substantially in accordance with the timetable set forth in paragraph E of the Exhibit to Schedule 2 to this Agreement; and (ii) assign, for training with such specialists, such counterpart personnel as shall be required for the Project and the Project Unit.

(b) In order to assist the Borrower in the carrying out of the Project, the Borrower shall, and shall cause the University in respect of part 2 (a) of the Project and the State in respect of part 2 (c) of the Project to employ consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank for the purpose of designing and supervising the construction work included in the Project.

Section 3.03. In carrying out the Project, the Borrower shall employ or cause to be employed contractors acceptable to the Borrower and the Bank upon terms and conditions satisfactory to the Borrower and the Bank.

Section 3.04. (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 Loan 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 Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.05. (a) The Borrower shall furnish to the Bank for its approval promptly upon their preparation the plans, specifications, contract and work schedules for the construction work included in the Project and the list of instructional equipment and furniture included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

(b) 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 Loan, and to disclose the use thereof in the Project; (ii) 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 (iii) shall furnish to the Bank all such information

as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.06. The Borrower shall, within one year from the date of this Agreement, take all such timely action as shall be necessary to acquire the ownership of all land and rights in respect of land as shall be required for the design and construction work of the facilities included in the Project.

Article IV. OTHER COVENANTS

Section 4.01. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower (i) represents that, considering the limitations set forth in writing to the Bank, at the date of this Agreement no lien exists on any assets of the Borrower or of any of its political subdivisions or of any agency of any such political subdivision as security for any external debt, and (ii) undertakes that if any such lien shall hereafter be created, it 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 in the creation of any such lien express provision will be made to that effect. The Borrower shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking 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 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 agency of the Borrower, including Banco Central do Brasil and any other institution performing the functions of a central bank for the Borrower.

Section 4.02. 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 4.03. (a) The Borrower shall operate or cause to be operated 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.

(b) The Borrower covenants that it will at all times employ or cause to be employed qualified administrators and teachers in adequate numbers to staff the educational institutions included in the Project.

Section 4.04. The Borrower shall adequately maintain or cause to be maintained the buildings, equipment and furniture of the educational institutions included in the Project and make or cause to be made all necessary repairs and

renewals thereof, all in accordance with sound administrative and technical standards.

Section 4.05. (a) The Borrower shall take or cause to be taken all action satisfactory to the Borrower and the Bank as shall be necessary to ensure that practical subject teachers for the *Colegios* and administrators and instructors for the Engineers Centers receive appropriate training as required for purposes of the Project.

(b) The Borrower shall establish or cause to be established a program of fellowships for (i) training outside Brazil of about 50 administrators of the Engineers Centers, and (ii) training at the Celso Suckow da Fonseca Center in Rio of as many trainee teachers as shall be required for operation of the Centers, the duration and other terms and conditions of all such fellowships and the programs of studies to be followed by the beneficiaries thereof to be satisfactory to the Borrower and the Bank, such teachers to be employed thereafter on a full-time basis at such Centers.

(c) The Borrower shall provide fellowships abroad for at least eight graduate agronomists, selected in accordance with criteria acceptable to the Bank, who will take nine-month courses in the planning and administration of agricultural education at upper secondary level, the programs of studies to be followed by such agronomists and the terms and conditions of the fellowships to be satisfactory to the Borrower and the Bank.

Section 4.06. The Borrower shall cause a job placement officer to be employed at each Engineers Centers with the functions, *inter alia*, of maintaining a continuing liaison between local industry and the Center, of tracing the employment records of the Center's graduates, and, in general, of helping to bring together, for mutual benefit, the technical manpower needs of local industry and the graduates of the Center.

Section 4.07. (a) The Borrower shall develop and put into effect procedures satisfactory to the Borrower and the Bank for selecting qualified applicants for enrollment in the agricultural *Colegios* included in the Project.

(b) The Borrower shall, within six months of the date of this Agreement, prepare new, practically-oriented curricula for the Belém and Campos industrial *Colegios*, and, before putting such curricula into effect, furnish copies thereof to the Bank and afford the Bank a reasonable opportunity for exchanges of views thereon.

Article V. CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. 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:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the educational system of the Borrower, the performance by the University and the State of their respective obligations under the arrangements referred to in Section 3.01 (b) of this Agreement, the administration, operations and financial condition in respect of the Project, of the departments or 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; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, 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 Bank all such information as the Bank shall reasonably request concerning the operations, financial condition, resources and expenditures in respect of the Project, of the University, the State and the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(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 either of them of its obligations under the Loan Agreement.

Section 5.03. 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.

Article VI. TAXES AND RESTRICTIONS

Section 6.01. 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 imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the foregoing 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 6.02. The Loan Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories and the Borrower shall pay all such taxes, if any, imposed under the laws of any other country or countries.

Section 6.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds 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 BANK

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

Article VIII. EFFECTIVE DATE; TERMINATION

Section 8.01. 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, namely, that :

- (a) The Loan Agreement has been duly registered by Banco Central do Brasil;
- (b) All necessary acts, consents and approvals to be performed or given by the Borrower, its political subdivisions or agencies or by any agency of any political subdivision or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, together with all necessary powers and rights in connection therewith, have been performed or given; and
- (c) The Project Unit has been established and is operating to the satisfaction of the Borrower and the Bank as required by Section 3.01 (c) of this Agreement.

Section 8.02. The following are specified as additional matters, 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 :

- (a) The Loan Agreement has been duly registered by Banco Central do Brasil; and
- (b) All acts, consents and approvals referred to in paragraph (b) of Section 8.01 of this Agreement, together with all necessary powers and rights in connection therewith, have been duly and validly performed or given, and that no other such acts, consents or approvals are required in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained.

Section 8.03. The date September 20, 1971, is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The *Ministro da Educação e Cultura* of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

Ministro da Educação e Cultura
Brasília, D.F.
Brazil

Cable address :

MEC
Brasília

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.

Federative Republic of Brazil :

By ANTONIO DELFIM NETO
Authorized Representative

International Bank for Reconstruction and Development :

By ROBERT S. MCNAMARA
President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

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

<i>Category</i>	<i>Allocation of Amounts of Loan (expressed in dollar equivalent)</i>	<i>Percentage of Expenditure to be Financed</i>
I. Civil Works		
(a) For part 2 (a) of the Project	522,000	40% of total expenditure
(b) For part 2 (c) of the Project	261,000	40% of total expenditure
(c) For other educational institutions	2,711,000	40% of total expenditure
II. Furniture and Equipment		
(a) For part 2 (a) of the Project	268,000	40% of total expenditure
(b) For part 2 (c) of the Project	161,000	40% of total expenditure
(c) For other educational institutions and Project Unit	2,143,000	40% of total expenditure
III. Consultants fees, technical assistance and salaries of Project Unit officers (Project Director, Educator, Architect, 2 regional officers, accountant, school furniture specialist, instructional equipment specialist and purchasing agent)	778,000	40% of total expenditure
IV. Unallocated	1,556,000	
TOTAL	<u>\$ 8,400,000</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 member of the Bank (other than the Borrower) or of Switzerland;

(b) 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 before the date of the Loan Agreement; or

(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 Loan will be withdrawn on account of payments for such taxes; or

(c) expenditures under Categories I (a) and II (a) of paragraph 1 of this Schedule until the arrangements referred to in Section 3.01 (b) have been made with the University with respect to part 2 (a) of the Project and expenditures under Categories I (b) and II (b) of such paragraph until such arrangements have been made with the State with respect to part 2 (c) of the Project; or

(d) contracts for less than \$ 5,000 equivalent under Category II of paragraph 1 of this Schedule.

4. Notwithstanding the allocation of an amount of the Loan 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 Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan; and

(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 Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures.

5. Notwithstanding the percentage set forth in the third column of the table in paragraph 1 above against Category I, if the estimate of expenditures under such Category shall increase and no proceeds of the Loan are available for reallocation to such Category, the Bank 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

1. The Project consists of construction, expansion and equipping of educational institutions, and operation thereof, with a view to improving training opportunities of agricultural and industrial technicians at upper secondary (*Colegios*) level and of industrial technicians at higher (Centers) level in order to assist in meeting the requirements of local agriculture and industry for practically-oriented technicians.

2. The Project includes :

(a) construction and equipping of one new agricultural *Colegio* and expansion of one existing agricultural *Colegio*, both under University jurisdiction, as detailed in paragraph A of the Exhibit to this Schedule;

- (b) expansion of five existing Federal agricultural *Colegios*, all under Federal jurisdiction, as detailed in paragraph A of the Exhibit to this Schedule;
- (c) expansion of one existing State agricultural, *Colegio*, as detailed in paragraph A of the Exhibit to this Schedule;
- (d) expansion of two existing Federal industrial *Colegios*, as detailed in paragraph B of the Exhibit to this Schedule;
- (e) construction and equipping of five new Operational Engineers Centers and expansion of one existing Center, all under Federal jurisdiction, as detailed in paragraph C of the Exhibit to this Schedule;
- (f) establishment and operation of the Project Unit within the Ministry with functions regarding, *inter alia*: (i) over-all management of the Project; (ii) coordination with other ministries of the Borrower; (iii) coordination with State governments and the University; and (iv) liaison with the Bank, all as more fully provided in Schedule 5 of the Loan Agreement;
- (g) a survey of the education and training system and of existing educational facilities in the States of Pernambuco and Ceará aimed at identifying areas requiring improvement or expansion in relation to the States' educational development needs; and
- (h) 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 D and E of the Exhibit to this Schedule.

The facilities and equipping included in the Project are expected to be completed by December 1974.

EXHIBIT TO SCHEDULE 2

<i>Educational Institutions</i>	<i>Additional Places</i>	<i>Total Enrollment</i>	<i>New Staff Houses</i>	<i>Approximate Total Area of Construction (M²)</i>
A. Agricultural Colegios*				
M. Barata/Belem, Para	234	300	12	6,700
Belo Jardim, Pernambuco	300	300	10	7,400
Quissama, Sergipe	99	300	1	5,100
Jundiai, São Paulo	300	300	9	6,800
Santa Maria, RGS	420	420	13	11,100
F. Westfalen, RGS	300	300	13	3,500
Planaltina, D.F.	271	420	14	6,400
Rio Verde, Goiás	236	300	12	7,500
TOTAL	2,160	2,640	84	54,500
B. Industrial Colegios				
Belem, Para	1,100	2,150		4,500
Campos, RJ	1,350	1,790		2,700
TOTAL	2,450	3,940		7,200
C. Operational Engineers Centers				
Recife, Pernambuco	480	480		4,500
Salvador, Bahia	600	600		4,600
Belo Horizonte, Minas Gerais	600	600		4,700
Rio de Janeiro, GB	320	720		4,600
São Paulo, São Paulo	720	720		7,100
Curitiba, Parana	600	600		4,300
TOTAL	3,320	3,720		29,800

* All boarding.

D. *Specialists and Fellowships, and Approximate Period of Service*

1. Forty-eight man-months of a specialist in planning and supervision at upper secondary level to assist in administration, educational facilities, planning and implementation of the new curricula in the agricultural *Colegios*.

2. Five specialists, each for twenty-four man-months, to function as advisors to the respective Directors of Engineers Centers at Belo Horizonte, Curitiba, Recife, Salvador and São Paulo.

3. One chief of group, for thirty-six man-months, to coordinate the specialists described in paragraph 2 above and to provide liaison between the Director of the Operational Engineers Program and the Project Unit.

4. Seventy-two man-months of fellowships abroad for eight graduate agronomists to take a nine-months course in the planning and administration of agricultural education at upper secondary level.

5. Four man-years of specialists services for a preinvestment education survey of the States of Pernambuco and Ceará.

E. *Timetable for Specialists Services and Fellowships*

	1971		1972		1973		1974		1975	
	Quarter		Quarter		Quarter		Quarter		Quarter	
	3	4	1	2	3	4	1	2	3	4
(a) Specialist in agricultural education	x	x	x	x	x	x	x	x	x	x
(b) Specialists in operational engineering			x	x	x	x	x	x		
(c) Chief of group for (b)	x	x	x	x	x	x	x	x	x	
(d) Fellowships					x	x	x			
(e) Preinvestment education survey		x	x	x						

SCHEDULE 3

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, 1981	95,000	February 15, 1990	175,000
February 15, 1982	100,000	August 15, 1990	185,000
August 15, 1982	105,000	February 15, 1991	190,000
February 15, 1983	105,000	August 15, 1991	195,000
August 15, 1983	110,000	February 15, 1992	205,000
February 15, 1984	115,000	August 15, 1992	210,000
August 15, 1984	120,000	February 15, 1993	220,000
February 15, 1985	125,000	August 15, 1993	225,000
August 15, 1985	130,000	February 15, 1994	235,000
February 15, 1986	135,000	August 15, 1994	245,000
August 15, 1986	140,000	February 15, 1995	250,000
February 15, 1987	145,000	August 15, 1995	260,000
August 15, 1987	150,000	February 15, 1996	270,000
February 15, 1988	155,000	August 15, 1996	280,000
August 15, 1988	160,000	February 15, 1997	290,000
February 15, 1989	165,000	August 15, 1997	300,000
August 15, 1989	170,000	February 15, 1998	315,000

<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, 1998	325,000	February 15, 2000	360,000
February 15, 1999	335,000	August 15, 2000	375,000
August 15, 1999	350,000	February 15, 2001	380,000

* 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 four years before maturity	3/4 %
More than four years but not more than eight years before maturity	2 1/4 %
More than eight years but not more than fourteen years before maturity	3 %
More than fourteen years but not more than twenty years before maturity	4 1/2 %
More than twenty years but not more than twenty-six years before maturity	5 3/4 %
More than twenty-six years but not more than twenty-eight years before maturity	6 3/4 %
More than twenty-eight years before maturity	7 1/4 %

SCHEDULE 4

PROCUREMENT

A. *Contracts for Civil Works*

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

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

- (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) description of the proposed international advertising coverage to ensure international competitive bidding, draft bid notices, prequalification questionnaires and 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 and 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 Center 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 educational institutions and facilities, or separate contracts in respect of the various

educational institutions and facilities to different contractors. 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 Bank 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 Bank of the name of the bidder to whom it intends to award the contract and furnish to the Bank, 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 for award of said consultants, and the reasons for the intended award. The Bank will promptly inform the Borrower if it reasonably determines that the intended award is inconsistent with the provisions of the Guidelines referred to in Section 2.03 of the Loan Agreement or with the Loan Agreement.

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

5. The Borrower will request the Bank's concurrence with any proposed change in a contract involving a price increase of 10% or more of the contract price or \$50,000 equivalent or more, whichever is less, together with an explanation of the proposed change.

B. *Contracts for Instructional Equipment, Books 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 the educational institution in question and the spaces for which they are required. The items to be purchased will be grouped so as to permit bulk procurement as shall be consistent with sound technical and procurement practices. Insofar as practicable, contracts for such items will be for not less than \$40,000 equivalent. Amendments of 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 subparagraph B 1 (a) above and identified in contract documents by the same indices, 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 CIF price, exclusive of customs duties and similar taxes on importation, or the existing level of customs duties and other taxes on importation whichever is the less, of each bid submitted for imported furniture or equipment will be added to the quoted price; and
- (b) the lowest bid will then be determined by comparing prices, as determined in subparagraph B 3 (a) above, of acceptable bids for imported furniture or equipment and the actual ex-factory prices of acceptable bids for locally manufactured furniture or equipment.

4. If a contract is intended to be awarded to a bidder other than the lowest bidder (within the meaning of the foregoing paragraph 3), or if the contract involves a price difference of 10% or more from the original estimate as shown pursuant to subparagraph B 1 (a) above, the Borrower will, after the bids have been evaluated and before making the awards, send to the Bank in sufficient time for its review, a summary and analysis thereof and a brief justification of the Borrower's decision on the award. The Bank will promptly inform the Borrower if it reasonably determines that the intended award is inconsistent with the provisions of the Guidelines referred to in Section 2.03 of the Loan Agreement or with the Loan Agreement.

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 lists 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) certified copy of the contract.
- A certified copy of any subsequent contract amendment will also be sent to the Bank.

SCHEDULE 5

PROJECT UNIT

1. The Project Unit, under the direction of the Project Director, will be directly responsible to the *Ministro da Educação e Cultura* for the carrying out and supervision of the Project in accordance with the provisions of the Loan Agreement. The staff of the Project Unit will include, in addition to the Project Director, Project Architect, Project Educator and two regional officers, supporting staff consisting, among others, of an accountant, a specialist in school furniture, a specialist in instructional equipment and a purchasing agent, all employed on a full-time basis.

2. In addition, the Project Director will be assisted on a part-time basis by the specialist in agricultural education and the coordinator of the specialists for the operational engineers program (Exhibit D to Schedule 2).

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

- (a) implementation of the contractual arrangements with the State and the University referred to in Section 3.01 (b) of the Loan Agreement;
- (b) arrangements for the selection of consultant-architects and finalization of their terms of reference;
- (c) administration of agreements with consultants;
- (d) preparation, with the help of the Project Architect, the consultant-architects and the Project Educator, of a comprehensive implementation schedule based on the Critical Path Method (CPM), 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. The implementation schedule will be prepared as the first step in implementing the Project and the Bank will be given ample opportunity to comment on the planned timetable before it is put into effect;
- (e) arrangements for the review and approval by appropriate authorities of the reports, specifications and other material submitted by the consultants;
- (f) advice and assistance to the consultant-architects, with the help of the Project Educator and subject specialists as needed, in the (i) briefing as to the educational needs of the institutions included in the Project, and (ii) preparation of (A) lists of all instructional equipment and furniture required for the educational institutions, (B) specifications, and (C) estimated unit and total prices of each item;
- (g) necessary arrangements for calling bids and awarding contracts relating to the Project;
- (h) coordination and integration of all Project activities with other appropriate activities of the Ministry, CENAFOR and other interested institutions and ministries of the Borrower, and with the State and the University;
- (i) supervision of the organization and administration of (i) recruitment and proper functioning of the team of curriculum, education administration and education survey specialists and (ii) the fellowship training program;
- (j) supervision of all staff of the Project Unit in the performance of their respective duties;
- (k) liaison with the Bank and other external aid or technical assistance agencies with all relevant ministries, authorities and agencies of the Borrower, and with the State and the University, in matters relating to the execution of the Project;

- (l) keeping of Project accounts and preparation of interim evaluation and financial statements;
- (m) preparation of applications for withdrawals from the Loan Account; and
- (n) 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.*]
