

No. 12194

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

Loan Agreement—*Education Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 30 June 1972

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 27 December 1972.

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

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 30 juin 1972

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 27 décembre 1972.

LOAN AGREEMENT¹

AGREEMENT, dated June 30, 1972, between the REPUBLIC OF IRAQ (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, in Section 6.02 (i) thereof, of the words "or in the Loan Agreement for the purposes of Section 7.01" (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 term "ETV" means Educational Television Directorate of the Ministry of Education of the Borrower.

Article II. THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twelve million nine hundred thousand dollars (\$12,900,000).

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 The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures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 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. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.04. 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 2.05. 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.

¹ Came into force on 18 December 1972, upon notification by the Bank to the Government of Iraq.

² See p. 124 of this volume.

Section 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. If and when 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 2.09. The Minister of Planning 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 through its Ministry of Education with due diligence and efficiency and in conformity with sound administrative, financial, educational and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Without limiting the generality of the foregoing the Borrower shall make available, not later than December 31, 1973 or such other date as shall be agreed with the Bank, all such land as shall be required for the Project.

Section 3.02. (a) The Borrower shall, during the execution of the Project, maintain an Interministerial Coordinating Committee whose membership shall include senior officials from the ministries concerned and the Director of the Project Unit. The said Committee shall be responsible for the supervision and follow-up work relating to the execution of the Project.

(b) The Borrower shall, during the execution of the Project, maintain a Project Unit, which shall continue to be staffed by full-time qualified and experienced persons including the Director, Project Architect and Procurement Specialist, to ensure the efficient execution of the Project.

Section 3.03. In order to assist the Borrower in carrying out Part A of the Project, the Borrower shall employ architectural and engineering consultants mutually satisfactory to the Borrower and the Bank upon terms and conditions mutually satisfactory to the Borrower and the Bank.

Section 3.04. In carrying out Part B of the Project, the Borrower shall award the required fellowships to appropriately qualified candidates, and shall employ specialists upon terms and conditions mutually satisfactory to the Borrower and the Bank.

Section 3.05. Except as the Bank shall otherwise agree, the goods and services (other than services of consultants) required for the Project 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 April 1972.

Section 3.06. 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 to the beneficiary for the purpose of replacing or repairing such goods. The Borrower shall promptly arrange to make the equivalent amount of the said indemnity available in currency freely usable for the aforementioned purposes.

Section 3.07. 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 3.08. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request, and shall submit to the Bank for its comments the master plans or preliminary drawings with outline specifications, promptly upon their preparation, and shall incorporate all such modifications as may be reasonably recommended by the Bank.

(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 accredited representatives to examine 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.

Article IV. OTHER COVENANTS

Section 4.01. 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 such lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably, and at no cost to the Bank or the holders of the Bonds, 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 representation and undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "governmental assets" means assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the assets of the Central Bank of Iraq or any 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. The Borrower shall make satisfactory provisions for insurance of the buildings and facilities included in the Project against such risks and in such amounts as shall be consistent with sound practice.

Section 4.04. The Borrower shall operate the educational institutions and facilities included in the Project in accordance with sound administrative and educational policies and practices and with due regard to economy, all as required in order to further the educational objectives of the Borrower.

Section 4.05. The Borrower shall adequately maintain the buildings, equipment and furniture of the educational institutions included in the Project and make all necessary repairs and renewals thereof, all in accordance with sound administrative and technical standards.

Section 4.06. The Borrower shall, under normal circumstances, continue to cause the ETV studios to be used only for ETV purposes.

Section 4.07. The Borrower shall continue to employ at all times a qualified and experienced director on a full-time basis for ETV.

Section 4.08. The Borrower shall take, with the assistance of the educational television experts provided under the Project, all measures necessary for training the staff of the ETV. To that end, the Borrower shall: (i) prepare, not later than December 31, 1973, and thereafter implement, a plan mutually satisfactory to the Borrower and the Bank for the use of ETV facilities in the last three grades of primary education and in adult education; and (ii) prepare, not later than December 31, 1973, a detailed list of the ETV equipment required for the implementation of the plan referred to in paragraph (i) of this Section.

Section 4.09. (a) The Borrower shall, in consultation with the Bank and not later than June 30, 1973 or such other date as shall be agreed with the Bank, formulate a program for the recruitment, training and appointment of teachers required for the Project.

(b) The Borrower shall cause the program referred to in sub-section (a) above to be implemented not later than June 30, 1976 or such other date as shall be agreed with the Bank.

Section 4.10. The Borrower shall (i) cause its Ministry of Education to conduct the construction and equipping of the Work Training Centers included in the Project in close cooperation with the Ministry of Labor and Social Affairs of the Borrower; and (ii) cause such Centers, upon completion of their construction, to be operated by the Ministry of Labor and Social Affairs.

Section 4.11. The Borrower shall, not later than December 31, 1974 or such other date as shall be agreed with the Bank, establish a "tracer" system and procedures to collect and record in respect of the Project institutions, and such other institutions of representative character, information concerning withdrawals, repetition, employment and further studies of the graduates of said institutions.

Article V. CONSULTATION AND INFORMATION

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 administration and operations, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project, 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.

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 administration and operations, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(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 bear the cost of any such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 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. TERMINATION

Section 8.01. The date September 28, 1972, 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 Minister of Planning 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:

Minister of Planning
Ministry of Planning
Baghdad
Iraq

Cable address:

Minister of Planning
Ministry of Planning
Baghdad

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.

Republic of Iraq:

By ABDUL KARIM AL-SHAIKHLY

Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP

Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the Categories of items 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 so to be financed in each Category:

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Civil Works	3,300,000	41% of total expenditures (representing the estimated foreign expenditure component)
II. Consultant Services	470,000	60% of total expenditures (representing the estimated foreign expenditure component)
III. Furniture (C& F. price of imported items and ex-factory price of items manufactured locally) . .	920,000	100% of total expenditures
IV. Equipment	4,500,000	100% of foreign expenditures
V. Technical Assistance; Specialists and Fellowships	1,760,000	100% of foreign expenditures
VI. Unallocated	1,950,000	
TOTAL	12,900,000	

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; and

(b) The term "total expenditures" means the aggregate of foreign expenditures and of expenditures in the currency of the Borrower or for goods produced in, or services supplied from, the territories of the Borrower.

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 direct 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.

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 Categories I to V 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 Categories I to V 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 percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I 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

The Project consists of:

Part A

1. Construction, furnishing and equipping of:

- (a) four new comprehensive secondary schools providing a total of about 3,200 student places;
- (b) science laboratories in 12 existing secondary schools;
- (c) workshops in 20 existing intermediate secondary schools;
- (d) one new institute of technology (excluding the equipment to be provided by the United Nations Development Program estimated at about \$100,000) providing a total of about 840 student places;
- (e) two new Agricultural Institutes providing a total of about 500 student places;
- (f) five new work training centers providing a total of about 1,500 student places; and
- (g) farmer training and demonstration facilities in 10 existing agricultural and secondary schools.

2. Equipment for:

- (a) educational television; and
- (b) one existing institute of technology.

The educational institutions included in Part A of the Project, their respective locations, enrollment levels, boarding and staff housing facilities, approximate areas of construction and additional teachers will be as agreed between the Borrower and the Bank.

Part B:

Employment of specialists and provision of fellowships needed for the Project will be as agreed between the Borrower and the Bank.

The Project is expected to be completed by December 31, 1976.

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, 1982	245,000	February 15, 1990	420,000
February 15, 1983	255,000	August 15, 1990	435,000
August 15, 1983	265,000	February 15, 1991	450,000
February 15, 1984	270,000	August 15, 1991	465,000
August 15, 1984	280,000	February 15, 1992	480,000
February 15, 1985	290,000	August 15, 1992	500,000
August 15, 1985	305,000	February 15, 1993	515,000
February 15, 1986	315,000	August 15, 1993	535,000
August 15, 1986	325,000	February 15, 1994	555,000
February 15, 1987	335,000	August 15, 1994	575,000
August 15, 1987	350,000	February 15, 1995	595,000
February 15, 1988	360,000	August 15, 1995	620,000
August 15, 1988	375,000	February 15, 1996	640,000
February 15, 1989	390,000	August 15, 1996	665,000
August 15, 1989	405,000	February 15, 1997	685,000

* 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	$\frac{3}{4}$ %
More than three years but not more than six years before maturity	$2\frac{1}{4}$ %
More than six years but not more than eleven years before maturity	3 %
More than eleven years but not more than sixteen years before maturity	$4\frac{1}{2}$ %
More than sixteen years but not more than twenty-one years before maturity	$5\frac{3}{4}$ %
More than twenty-one years but not more than twenty-three years before maturity	$6\frac{3}{4}$ %
More than twenty-three years before maturity	$7\frac{1}{4}$ %

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.]