

No. 12272

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

**Loan Agreement—*Second Education Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 21 June 1972**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on 22 January 1973.*

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

**Contrat d'emprunt — *Deuxième projet relatif à l'enseignement* (avec annexes et Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 21 juin 1972**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 22 janvier 1973.*

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

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AGREEMENT, dated June 21, 1972, between SPAIN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *Article I. GENERAL CONDITIONS; DEFINITIONS*

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969<sup>2</sup>, with the same force and effect as if they were fully set forth herein, 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 following additional terms have the following meanings :

(a) “General Education Law” means the *Ley General de Educación y Financiamiento de la Reforma Educativa* of the Borrower, published in the *Boletín Oficial del Estado* Number 187 of August 6, 1970.

(b) “First Loan Agreement” means the Loan Agreement (*Education Project*) dated June 30, 1970<sup>3</sup>, between the Borrower and the Bank, and “First Project” means the project provided for therein.

(c) “First Project Unit” means the project administrative unit established and operating for the purpose of carrying out the First Project.

(d) “BPU Project Sub-Unit” means the sub-unit to be established within the First Project Unit for the purpose of carrying out the part of the Project relating to the Barcelona Polytechnic University, as required by Section 3.01 (b) (ii) of this Agreement.

(e) “University” means the Barcelona Polytechnic University, an autonomous university of the Borrower, functioning under the General Education Law and its Statutes.

(f) “Secondary Schools” means the comprehensive secondary schools (*Institutos Nacionales de Bachillerato*) included in the Project, to be constructed at locations agreed between the Borrower and the Bank.

(g) “Vocational Centers” means the vocational training centers (*Centros de Formación Profesional*) included in the Project, to be constructed at locations agreed between the Borrower and the Bank.

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<sup>1</sup> Came into force on 3 January 1973, upon notification by the Bank to the Government of Spain.

<sup>2</sup> See p. 47 of this volume.

<sup>3</sup> United Nations, *Treaty Series*, vol. 802, p. 195.

(h) “*Sindicatos*” means the organizations of employers and employees referred to in Section 4.04 of this Agreement and established and operating under the laws 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 fifty million dollars (\$50,000,000).

*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.* 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 April 1972, 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 June 30, 1977 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-fourth 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 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 2.10.* The *Ministro de Hacienda* of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

*Article 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 policies and practices, and with due regard to economy, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall until the Closing Date: (i) continue to operate the First Project Unit with such functions, powers, responsibilities and resources in respect of all parts of the Project as are described in Schedule 5 to the First Loan Agreement, the staff of the First Project Unit to include, in addition to the staff required under the First Loan Agreement (1) a procurement officer acceptable to the Borrower and the Bank who shall be responsible for handling matters relating to procurement of goods and services and (2) additional supporting staff commensurate with the increased activity resulting from the Project; and (ii) for the purpose of carrying out the part of the Project relating to the University, establish and operate, within the First Project Unit, the BPU Project Sub-Unit, with such functions and resources as are described in Schedule 5 to this Agreement, the staff of the BPU Project Sub-Unit to include a director, an architect, an engineering educator and a procurement officer, all acceptable to the Borrower and the Bank.

(c) The Borrower undertakes that the First Project Unit and the BPU Project Sub-Unit will prepare comprehensive Project implementation charts illustrating the critical paths in such detail as will be satisfactory to the Borrower and the Bank, the first chart summarizing the major events for any one Part of Parts A through G of the Project to be prepared within 90 days after the Effective Date and the balance to be completed within a further 90 days, such charts to be subsequently refined with more detailed additions and revised at intervals not exceeding three months until completion of the Project.

*Section 3.02.* In order to assist the Borrower in building design, preparation of working drawings, specifications, bills of quantities, evaluation of civil works bids and supervision of construction, the Borrower shall employ consultant architects acceptable to the Bank upon terms and conditions satisfactory to the Bank.

*Section 3.03.* In carrying out the civil works included in the Project, the Borrower shall employ contractors acceptable to the Bank upon terms and conditions satisfactory to 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 in the carrying out of the Project.

*Section 3.05.* (a) The Borrower shall furnish to the Bank, promptly upon

their preparation, all 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 Bank shall reasonably request.

(b) The Borrower shall furnish to the Bank for its approval, promptly upon their preparation, the plans and specifications for the civil works included in the Project.

(c) The Borrower: (i) shall maintain records adequate to record the progress of and results achieved by 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 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 take or cause to be taken all such timely action as shall be necessary to acquire all such land and rights in respect of land as shall be required for the carrying out of the Project and the operation of the educational institutions and facilities included in the Project and shall furnish to the Bank, promptly after such acquisition, evidence satisfactory to the Bank that such land and rights in respect of land are available for such purposes.

#### *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 at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that, except as the Bank shall otherwise agree, if any such lien shall be created, it 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 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 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.

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

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

*Section 4.04.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall, within two years of the date of this Agreement, through its Ministry of Education and with the collaboration of its Ministries of Labor and Commerce, and of the *Sindicatos*, cause: (i) new curricula based on analytical studies of local labor market demands to be developed for the Vocational Centers and sent to the Bank for comment, and such curricula to be reviewed thereafter at least every three years and, if necessary, revised; (ii) advisory boards in relevant locations to be established in order to provide liaison with the business community and adapt the curricula of the Vocational Centers to community needs; and (iii) placement services for the graduates of the Vocational Centers to be established and operated in the community served by each Vocational Center.

*Section 4.05.* The Borrower undertakes that, after the Vocational Centers begin to operate: (i) satisfactory procedures will be set up and applied in respect of maintenance and replacement of equipment as required to conform with curricular changes made in the Vocational Centers; and (ii) each Vocational Center will use its best efforts to maintain accurate records of the employment of its graduates for at least five years after graduation.

*Section 4.06.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall establish at the Agricultural Training Institute in Palencia, within two years after the date of this Agreement, a governing board which shall include, among its members, competent representatives in the fields of agricultural research, extension, cooperatives and agro-industries, for the purpose, *inter alia*, of reviewing the training program of the Institute from the point of view of the employers of agricultural technicians.

*Section 4.07.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall:

(a) before the opening date of the University at its new location:

(i) establish and operate or cause to be established and operated satisfactory transport facilities enabling the University students living in Barcelona to commute to the new University location at a reasonable cost;

(ii) transfer to and relocate in the new University location all administrative, teaching and research units of the University, other than the Textile Research Institute in Tarrasa; and

(b) after such date, make adequate provision to ensure that:

(i) the ratio of the equivalent of full-time teachers to students will be appropriate, as agreed from time to time by the Borrower and the

Bank, for the academic and research programs of the University; and (ii) class sizes will not exceed the number of students for which teaching spaces have been provided.

*Section 4.08.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall, before the opening date of each educational institution included in the Project: (i) appoint, on a full-time basis, the principal administrators of such institution and, in the case of the University, such additional staff exercising such supervisory functions as the Borrower and the Bank shall agree; (ii) appoint, on a full-time basis where technically feasible, in the case of each Secondary School all teachers required for such institution and in the case of every other educational institution included in the Project not less than 60% of the teaching staff required for such institution; and (iii) in the case of each educational institution included in Parts A and B of the Project give training where technically feasible to all teachers in such institution, on the basis of a training program satisfactory to the Borrower and the Bank, such training to cover the new curricula therefor and the teaching methods and use of equipment relevant to their specializations.

*Section 4.09.* Considering the need to exercise control over enrollments in higher education institutions and to ensure that adequate investments are made in the areas of highest priority, the Borrower undertakes to establish and to cause to function a permanent technical secretariat in the Borrower's National Board of Universities (Junta Nacional de Universidades) to be composed of appropriate full-time specialists, with functions which will include, among others, the preparation of national plans for higher education (including engineering), with a view to meeting the educational and economic needs and priorities of Spain, the first such plan to be prepared within two years after the date of this Agreement.

*Section 4.10.* The Borrower shall ensure that the expansion of enrollments in the Polytechnic University of Valencia is consistent with the national plans for university education referred to in Section 4.09 of this Agreement and with its capacity to meet new teaching and other necessary staff requirements.

*Section 4.11.* The Borrower shall cause the University to perform all of the obligations of the Borrower hereunder regarding the University, to the extent to which such obligations shall or may be undertaken by the University, as though such obligations were binding upon the University.

#### *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 administration, operations, resources and expenditures 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, 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 educational system of the Borrower, and the administration, operations, resources and expenditures 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 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 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.

*Section 7.02.* For the purposes of Section 6.02 of the General Conditions, the following additional events are specified :

- (a) The Borrower shall have failed to perform any obligation (other than an obligation to pay moneys) under the First Loan Agreement.
- (b) The Borrower shall have failed to enforce or implement the General Education Law as necessary to carry out the Project and enable the Borrower to comply with its obligations under the Loan Agreement, or shall have modified the General Education Law in such a manner as shall adversely affect the Project.

*Section 7.03.* For the purposes of Section 7.01 of the General Conditions, the following additional event is specified :

The event specified in paragraph (a) or in paragraph (b) of Section 7.02 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the Borrower.

#### *Article VIII.* EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that the First Project Unit has been expanded and the BPU Project Sub-Unit has been established and is operating, all as necessary in order to comply with the provisions of Section 3.01 (b) of this Agreement.

*Section 8.02.* The date September 15, 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 *Ministro de Hacienda* of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

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

For the Borrower :

Dirección General de Política Financiera  
Ministerio de Hacienda  
Alcalá 11  
Madrid 14, Spain

Cable address :  
MOHDA-E  
Madrid

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :  
Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Spain :

By JOSÉ VILARASAU SALAT  
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 (including architects' fees) . . . . .	12,400,000	20%* of total expenditures
II. Equipment and furniture . . . . .	26,200,000	100% of ex-factory price, or 100% of c.i.f. price
III. Technical assistance . . . . .	1,200,000	100% of foreign expenditures
IV. Unallocated . . . . .	10,200,000	
TOTAL	<u>50,000,000</u>	

\* % represents the estimated foreign exchange component.

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 in the currency of the Borrower, or 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;

(b) expenditures in respect of computer equipment for the Computer Center at the Valencia Polytechnic University until a development plan satisfactory to the Bank for the utilization of the computer equipment in priority areas has been prepared for such Center; and

(c) 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.

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;

(b) if the estimate of the expenditures under Category I 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; and

(c) if the Bank 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 Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as in the Bank's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

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 design, construction, furnishing and equipping, and initial operation of educational institutions as a second phase in implementing the structural reform of the educational system required for Spain's continued economic growth, as required in order to further the educational objectives of the Borrower set forth in the General Education Law.

The Project includes the following parts :

A. Design, construction, furnishing and equipping of 39 comprehensive secondary schools (*Institutos Nacionales de Bachillerato*) to demonstrate reforms in secondary general education, as detailed in paragraph A of the attached Exhibit;

B. Design, construction, furnishing and equipping of 37 vocational training centers (*Centros de Formación Profesional*) to serve as pilot and experimental centers for reforms in vocational training at first and second levels (grades 9-10, 12), as detailed in paragraph A of the attached Exhibit;

- C. Design, construction, furnishing and equipping of one Agricultural Technical Institute at Palencia, including an experimental farm of about 30 hectares;
- D. Design, construction, furnishing and equipping of the Barcelona Polytechnic University at a new location;
- E. Design, construction, furnishing and equipping of 4 Institutes of Education for teacher training (including the necessary experimental school facilities at the Sevilla Institute of Education), with a view to generating the needed output of teachers required by the educational objectives of the Borrower and to developing continuous research on teaching methods.
- F. Provision of educational equipment for the Valencia Polytechnic University;
- G. Development of new curricula for technical, vocational and agricultural education;
- H. Liaison between industry and relevant agencies of the Borrower;
- I. Planning of higher education; and
- J. Provision of services of education specialists and of fellowships, to be utilized for such purposes and during such periods substantially as detailed in paragraphs B and C of the Exhibit to this Schedule.

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

#### EXHIBIT TO SCHEDULE 2

##### A. List of Educational Institutions

<i>Institution</i>	<i>Estimated Student Places</i>	<i>Estimated Square Meters</i>
Comprehensive Secondary . . . . .	31,600	186,420
Vocational Training . . . . .	18,600	226,500
Palencia Agricultural Technical Institute . . .	360	7,170
Barcelona Polytechnic University . . . . .	9,610	161,500
Institutes of Education . . . . .	850	18,820

##### B. Specialists and Fellowships and Approximate Periods of Service

###### (a) Vocational Training :

- (i) 200 man/months of fellowships at 4 months each for 50 directors of the centers and 2 man/years of expert services to develop local training programs for managers;
- (ii) 8 man/years of expert services on job analysis, and curricula development, including programmed instruction to develop pilot programs in mechanics;
- (iii) 1 man/year of expert services on facility design and construction.

###### (b) Agricultural Technical Institute at Palencia :

- (i) 6 man/months of fellowships for the director and one man/year for a resident advisor on the administration and academic program;
- (ii) 20 man/months of fellowships at 4 months each for 5 department heads.

###### (c) Barcelona Polytechnic University :

- (i) 12 man/months of fellowships and 3 man/years of expert services in university planning;
- (ii) 12 man/months of fellowships and 2 man/years of advisory services on administration and organization;
- (iii) 90 man/months of fellowships and 4 man/years of expert services on planning the academic program by department;
- (iv) 12 man/months of fellowships and 3 man/years of advisory services on such topics as preparation of equipment lists, layout of laboratories, cooperative programs with industry and in-service teacher training;
- (v) 4 man/years of fellowships and 3 man/years of advisory services in developing the computer centers at both Barcelona and Valencia.

- (d) *Institutes of Education* : 32 man/months of fellowships and 3 man/years of expert services on the development of teacher training courses in technical, vocational and agricultural subjects.
- (e) *National Board of Universities* : 2 man/years of expert services in establishing a technical secretariat for planning higher education.
- (f) *Educational Complexes* : 3 man/years of expert services for developing master plans for multi-purpose educational centers.

### C. Timetable for Specialists' Services

Specialists in :	1972		1973				1974				1975				Total Man/ Months
	Quarter		Quarter		Quarter		Quarter		Quarter		Quarter				
	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
<b>VOCATIONAL TRAINING</b>															
A. Job analysis			1*	1	1	1									12
B. Curriculum Development			1	1	5	1	1	1	5	1			4		60
C. Programmed Instruction															
Mechanics/Auto Mechanics					1	1	1	1	1	1	1	1			24
D. Management			1	1	1	1	1	1	1	1					24
															120
<b>AGRICULTURAL TRAINING</b>															
Curricula Development and Administration						1				1			2		12
<b>BARCELONA POLYTECHNIC</b>															
A. University Planning	1	1	1	1	3	1	1	1	2						36
B. Administration and Organization					1				2		1	1	2	1	24
C. Curricula Planning					4				4				8		48
D. Equipment Lists					2	1	1								12
E. Placement									1				1		6
F. Laboratory Layout					1	1									6
G. In-Service Teacher Training									2				2		12
															144
<b>VALENCIA &amp; BARCELONA</b>															
Development of Computer Centers					1	1	1	1	2	1	1	1	2	1	36
<b>INSTITUTE OF EDUCATION</b>															
Developing Training Courses			1	1	3	1	1	1	3	1					36
<b>NATIONAL BOARD OF UNIVERSITIES</b>															
High Level Manpower Planning			1	1	1	1	1	1	1	1					24
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>25</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>25</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>21</b>	<b>2</b>	<b>372</b>

\* Each unit equals three man/months.

## 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, 1977 . . . . .	950,000	February 15, 1985 . . . . .	1,620,000
February 15, 1978 . . . . .	985,000	August 15, 1985 . . . . .	1,675,000
August 15, 1978 . . . . .	1,020,000	February 15, 1986 . . . . .	1,740,000
February 15, 1979 . . . . .	1,055,000	August 15, 1986 . . . . .	1,800,000
August 15, 1979 . . . . .	1,095,000	February 15, 1987 . . . . .	1,865,000
February 15, 1980 . . . . .	1,135,000	August 15, 1987 . . . . .	1,935,000
August 15, 1980 . . . . .	1,175,000	February 15, 1988 . . . . .	2,005,000
February 15, 1981 . . . . .	1,215,000	August 15, 1988 . . . . .	2,075,000
August 15, 1981 . . . . .	1,260,000	February 15, 1989 . . . . .	2,150,000
February 15, 1982 . . . . .	1,305,000	August 15, 1989 . . . . .	2,230,000
August 15, 1982 . . . . .	1,355,000	February 15, 1990 . . . . .	2,310,000
February 15, 1983 . . . . .	1,405,000	August 15, 1990 . . . . .	2,395,000
August 15, 1983 . . . . .	1,455,000	February 15, 1991 . . . . .	2,480,000
February 15, 1984 . . . . .	1,505,000	August 15, 1991 . . . . .	2,570,000
August 15, 1984 . . . . .	1,560,000	February 15, 1992 . . . . .	2,675,000

\* 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 . . . . .	1 $\frac{1}{4}$ $\frac{0}{100}$
More than three years but not more than six years before maturity . . . . .	2 $\frac{0}{100}$
More than six years but not more than eleven years before maturity . . . . .	3 $\frac{1}{2}$ $\frac{0}{100}$
More than eleven years but not more than sixteen years before maturity . . . . .	5 $\frac{1}{4}$ $\frac{0}{100}$
More than sixteen years but not more than eighteen years before maturity . . . . .	6 $\frac{1}{4}$ $\frac{0}{100}$
More than eighteen years before maturity . . . . .	7 $\frac{1}{4}$ $\frac{0}{100}$

## 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 approval the following :

(a) a list of all contracts for civil works to be awarded, indicating the estimated value of each contract and the expected date of signature. The contracts will be grouped so as to encourage international competition ;

- (b) a description of the proposed advertising coverage to ensure international competition, draft bid notices including deadlines, prequalification questionnaires and a description of prequalification procedures;
- (c) the consultants' report and recommendation on the prequalification data and the proposed selected tender list; and
- (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 institution together with related facilities, or of all of them, or of any combination thereof, the bids therefor to be opened simultaneously, and the Borrower to have the option of awarding separate contracts or a combination of contracts.

3. The Borrower will make such additions or deletions in the proposed tender list, and such modifications in the draft bidding documents and contracts, as the Bank shall reasonably request.

4. 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 the reasons therefor, and will 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 of said consultants for award. The Bank will, if it determines that the intended award is inconsistent with the Loan Agreement or the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons therefor.

5. Promptly after a contract has been awarded, and before sending to the Bank the first application for withdrawal of funds in respect thereof, one conformed copy of the contract will be sent to the Bank. One conformed copy of any subsequent contract amendment will also be sent to the Bank.

6. 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 of \$100,000 or more equivalent, whichever is less, together with an explanation of the proposed change.

## B. *Contracts for Equipment and Furniture*

1. Items 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 for less than \$5,000 equivalent will not be sent to the Bank for concurrence or financing from the Loan.

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

- (a) lists of all items (together with corresponding curriculum objectives) 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 and the space for which they are required. Amendments to such lists will also be sent to the Bank 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 that bidders must bid for at least 85% of each package, and that the Borrower may make awards for less than one package if judged more economical.

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

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

(a) The term “Local Bid” means a bid submitted by a manufacturer or supplier established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Bank) in the territories of the Borrower; any other bid shall be deemed a “Foreign Bid”.

(b) The bid price under a Local Bid shall be the sum of the following amounts :

(i) the ex-factory price of the 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 bid price under a Foreign Bid will be the sum of the following amounts :

(i) the c.i.f. price of the goods;  
(ii) any such taxes as generally apply to such goods if imported into the territories of the Borrower by non-exempt importers, or 15% of the amount specified in (c) (i) above, whichever shall be the lower; and  
(iii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

5. The Borrower will, after the bids have been evaluated and before making the award, send to the Bank in sufficient time for its approval, a summary and analysis thereof and a justification of the Borrower’s proposal for the award.

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

(a) a certificate signed by the relevant 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 Bank;  
(b) a list of the bids received;  
(c) an analysis of the bids and justification for the Borrower’s decision for making the award; and  
(d) a conformed copy of the contract.

The Bank will, if it determines that the award of the contract is not consistent with the Loan Agreement or the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons therefor.

7. One conformed copy of any subsequent amendment to any contract will also be sent promptly to the Bank.

## SCHEDULE 5

### BPU PROJECT SUB-UNIT

1. The Project Director of the Sub-Unit will be assisted by a Project Architect, a Procurement Officer and a Project Engineering Educator. The Sub-Unit will be provided with adequate supporting staff (including an Accountant), premises, equipment, means of communication and transport.

2. The Sub-Unit will carry out, under the responsibility of the First Project Unit, the following tasks in respect of the part of the Project relating to the University :

(a) liaison with the Rector of the University for the proper carrying out and supervision of this part of the Project;  
(b) arrangements for the selection of the consultant architects, establishment of their terms of reference and administration of their contracts;  
(c) arrangements for review and approval by appropriate authorities of the reports, specifications and other material submitted by the consultants and other specialists;



- (d) advice and assistance to the consultant-architects, with the help of subject specialists, as needed, regarding (i) briefing on the educational needs of the University, and (ii) preparation of lists of all instructional equipment and furniture required for it, together with specifications and estimated unit and total price of each item;
- (e) preparation of documents necessary to comply with the requirements of this Agreement;
- (f) arrangements for inviting bids, and in collaboration with appropriate government authorities, evaluate bids and recommend contract awards;
- (g) arrangements for the organization and administration of : (i) recruitment and performance of technical assistance specialists, as outlined in paragraph B (c) of the Exhibit to Schedule 2 to this Agreement; (ii) timely recruitment of qualified counterparts as needed; and (iii) implementation of the fellowship program, as outlined in said paragraph B (c);
- (h) arrangements for the preparation of the master plan for the development of the University;
- (i) keeping of ancillary accounts and preparation of interim evaluations and financial statements;
- (j) preparation of applications for withdrawals from the Loan Account; and
- (k) preparation of quarterly progress reports for the Bank.

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.*]