

No. 19853

**UNITED STATES OF AMERICA
and
BOLIVIA**

Agreement relating to rural education—*Project II* (with annexes). Signed at La Paz on 30 August 1977

Authentic texts of the Agreement and annex 1: English and Spanish.

Authentic text of annex 2: English.

Registered by the United States of America on 10 June 1981.

**ÉTATS-UNIS D'AMÉRIQUE
et
BOLIVIE**

Accord relatif à l'enseignement rural — *Deuxième projet* (avec annexes). Signé à La Paz le 30 août 1977

Textes authentiques de l'Accord et de l'annexe 1 : anglais et espagnol.

Texte authentique de l'annexe 2 : anglais.

Enregistré par les États-Unis d'Amérique le 10 juin 1981.

ALLIANCE FOR PROGRESS—PROJECT AGREEMENT¹ BETWEEN
THE REPUBLIC OF BOLIVIA AND THE UNITED STATES OF
AMERICA

RURAL EDUCATION II PROJECT

Date: August 30, 1977

A.I.D. Loan 511-V-057

A.I.D. Grant 511-0482

PROJECT AGREEMENT, dated August 30, 1977 (the "Agreement"), between the REPUBLIC OF BOLIVIA ("Bolivia") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.")

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above with respect to the undertaking by Bolivia of the project described in Section 2.1 (the "Project") and the financing of the Project by the parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in Annex 1, will consist of (1) training professors at the Institute of Higher Education (ISER) in Tarija along with rural normal school teachers and rural school professors; (2) developing the ISER and rural normal school curricula; (3) preparing teaching materials for ISER and the Rural Normal Schools; (4) improving the facilities of the six consolidated Rural Normal Schools and the facilities of the ISER; and (5) improving the administrative system and managerial capability of the rural normal school system at the national, ISER and rural normal school levels. The Implementing Agency for the Project will be the Ministry of Education and Culture.

Annex 1, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the parties named in Section 9.3 without formal amendment of the Agreement. Annex 1 identifies those elements of the Project which are Grant-financed, and those which are Loan-financed.

Article 3. FINANCING

Section 3.1. THE GRANT; THE LOAN. To assist Bolivia to meet the costs of carrying out the Project, A.I.D., in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to Bolivia under the terms of this Agreement not to exceed Five Hundred

¹ Came into force on 30 August 1977 by signature.

Thousand United States Dollars (\$500,000) (the “Grant”) and to lend to Bolivia under the terms of this Agreement not to exceed Ten Million United States Dollars (\$10,000,000) (the “Loan”). The aggregate amount of disbursements under the Loan constitutes the Loan principal.

The Loan may be used to finance U.S. dollar costs (as defined in Section 7.1) and Bolivian peso costs (as defined in Section 7.2) of goods and services required for the Project. The Grant may be used to finance only U.S. dollar costs from the United States (as defined in Section 7.3).

Section 3.2. BOLIVIAN RESOURCES FOR THE PROJECT. (a) Bolivia agrees to provide or cause to be provided for the Project all funds, in addition to the Loan and Grant, and all other resources reasonably required to carry out the Project effectively and in a timely manner, in accordance with the objectives of this Agreement.

(b) The resources provided by Bolivia for the Project will be not less than the equivalent of U.S.\$5.25 million, including costs borne on an “in-kind” basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The Project Assistance Completion Date (“PACD”) which is August 30, 1982, or such other date as the parties may agree to in writing, is the date by which the parties estimate that all services financed under the Loan and Grant will have been performed and all goods financed under the Loan and Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement under the Loan or Grant for services performed after the PACD or for goods furnished for the Project, as contemplated in this Agreement, after the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to Bolivia, may at any time or times reduce the amount of the Loan or Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed [in] Project Implementation Letters, were not received before the expiration of said period.

Article 4. LOAN TERMS

Section 4.1. INTEREST. Bolivia will pay to A.I.D. interest on the Loan which will accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of principal and on any due and unpaid interest. Interest on the outstanding principal balance will accrue from the date (as defined in Section 8.5) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. Bolivia will repay the principal to A.I.D. within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semi-annual installments of principal and interest. The

first installment of principal will be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide Bolivia with an amortization schedule in accordance with this Section after the final disbursement, as projected in Annex 1, under the Loan.

Section 4.3. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C., 20523, U.S.A., and will be deemed made when received by such office.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, Bolivia may prepay, without penalty, all or any part of the principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) Bolivia and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Bolivia, which enable Bolivia to repay principal and interest on a different schedule.

(b) Any request by either party to the other to so negotiate will be made pursuant to Section 9.2 and will give the name and address of the person or persons who will represent the requesting party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested party will communicate to the other, pursuant to Section 9.2, the name and address of the person or persons who will represent the requested party in such negotiations.

(d) The representatives of the parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested party's communication under sub-section (c). The negotiations will take place at a location mutually agreed upon by the representatives of the parties; provided that, in the absence of mutual agreement, the negotiations will take place at the office of the National Institute of Finance, or successors, in Bolivia.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the principal and any accrued interest, this Agreement and all obligations of Bolivia and A.I.D. relating to the provisions of this Agreement will terminate except for any obligations under Sections B.3 or D.6 with respect to Grant funds.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to the first disbursement of the Loan or Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, Bolivia will, acting through the Ministry of Education and Culture, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A legal opinion of the Attorney General of Bolivia or other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by,

and executed on behalf of, Bolivia and that it constitutes a valid and legally binding obligation of Bolivia in accordance with all of its terms; and

- (b) A statement of the name of the person for Bolivia holding or acting in the office specified in Section 9.3, and of any additional representatives, together with a specimen signature of each person specified in such statement.

Section 5.2. CONDITIONS PRECEDENT TO DISBURSEMENTS OTHER THAN FOR TECHNICAL ASSISTANCE. Prior to disbursement of the Loan or Grant, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any purpose other than to finance technical assistance services, the Ministry of Education and Culture will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A financial plan for the Project specifying the amount and timing of Bolivia's contributions during the life of the Project;
- (b) An organization plan for the Office of the Coordinator for Rural Education;
- (c) Evidence of the appointment of a subdirector in the Office of the Coordinator for Rural Education who will act as project manager for the Project;
- (d) A maintenance plan for vehicles and equipment to be procured with Loan funds;
- (e) A plan for providing non-monetary incentives aimed at retaining qualified rural teachers;
- (f) A plan for the conversion to alternative educational uses of the four rural normal schools to be phased out as a result of the Project; and
- (g) A legal disposition which establishes that Normal Rural Schools included in Rural Education to Project II are of an experimental nature and are capable of introducing new work techniques and modifications in administration, organization and curriculum.

Section 5.3. CONDITIONS PRECEDENT TO DISBURSEMENT FOR CONSTRUCTION SUBPROJECTS. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Loan or Grant or the issuance by A.I.D. of documentation pursuant to which disbursement will be made for any individual construction subproject, the Ministry of Education and Culture will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Evidence of clear title to the land upon which construction is to take place;
- (b) Final plans and specifications, bid documents, bid awards and contracts for construction of the individual subprojects;
- (c) A maintenance plan for the facilities to be constructed; and
- (d) Deposit of a preagreed amount into a joint fund to cover a portion of Bolivia's share of the costs of the construction contract.

Section 5.4. NOTIFICATION OF MEETING CONDITIONS PRECEDENT. When the conditions precedent specified in Sections 5.1, 5.2 and 5.3 have been satisfactorily met, A.I.D. will notify Bolivia within twenty-one (21) days.

Section 5.5. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in Section 5.1. have not been met within 90 days

from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by prior written notice to Bolivia.

(b) If all of the conditions specified in Section 5.2. have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balances of the Loan and Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by prior written notice to Bolivia. In the event of such termination, Bolivia will repay immediately the principal then outstanding and any accrued interest.

Article 6. SPECIAL COVENANTS

Section 6.1. PROJECT EVALUATION. The parties agree to establish an evaluation program as part of the Project. Except as the parties otherwise agree in writing, the evaluation program will include annually during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Section 6.2. OPERATING AND MAINTENANCE BUDGETS. The Ministry of Education and Culture and the Ministry of Finance covenant that they shall provide adequate operational and maintenance budgets for the Instituto Superior de Educación Rural and the six normal school facilities to be constructed under the Loan.

Section 6.3. RURAL EDUCATION BUDGET. The Ministry of Education and Culture and the Ministry of Finance covenant that they shall provide budget support to rural education on a continuing basis at levels required to implement the improvements in rural teaching achieved under this Project.

Section 6.4. INCENTIVES PLAN. The Ministry of Education and Culture covenants that implementation of the incentives plan for rural teachers will be carried out on a timely basis.

Article 7. PROCUREMENT SOURCE

Section 7.1. U.S. DOLLAR COSTS (LOAN). Disbursements under the Loan pursuant to Section 8.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Dollar Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

Section 7.2. BOLIVIAN PESO COSTS (LOAN). Disbursements under the Loan pursuant to Section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Bolivia ("Bolivian Peso Costs").

Section 7.3. U.S. DOLLAR COSTS FROM THE UNITED STATES (GRANT). Disbursements under the Grant pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Grant Dollar Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR DOLLAR COSTS. (a) After satisfaction of conditions precedent, Bolivia may obtain disbursements of funds under the Loan for the Dollar Costs or the Grant for the Grant Dollar Costs of goods or services required for the Project in accordance with the terms of the Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests for reimbursement for such goods or services, or requests for A.I.D. to procure commodities or services on behalf of Bolivia for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services; or directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers, through Letters of Credit or otherwise, for such goods or services.

(b) Banking charges incurred by Bolivia in connection with Letters of Commitment and Letter[s] of Credit will be financed under the Loan unless Bolivia instructs A.I.D. in advance to the contrary.

Section 8.2. DISBURSEMENT FOR BOLIVIAN PESO COSTS. (a) After satisfaction of conditions precedent, Bolivia may obtain disbursement of funds under the Loan for Bolivian Peso Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The Bolivian Pesos needed for such disbursement hereunder may be obtained by acquisition by A.I.D. with U.S. dollars by purchase.

(c) The U.S. dollar equivalent of the Bolivian pesos made available hereunder will be, in the case of subsection (b) above, the amount of U.S. dollars required by A.I.D. to obtain the Bolivian pesos in accordance with the provisions of Section 8.4.

Section 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan or the Grant may also be made through such other legal means as the parties may agree to in writing.

Section 8.4. RATE OF EXCHANGE. Except as may be more specifically provided under Section 8.2., if funds provided under the Loan or the Grant are introduced into Bolivia by A.I.D. or any public or private entity for purposes

of carrying out obligations of A.I.D. hereunder, Bolivia will make such arrangements as may be necessary so that such funds may be converted into Bolivian pesos at the highest beneficial rate of exchange which, at the time the conversion is made, is not unlawful in Bolivia.

Section 8.5. DATE OF DISBURSEMENT. Disbursements of the Loan or Grant by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to Bolivia or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment or Letter of Credit; (b) on the date on which A.I.D. disburses to Bolivia or its designee Bolivian pesos acquired in accordance with Section 8.2(b), or (c) in the case of disbursements pursuant to Section 8.3, on the date specified in the other form of disbursement documents.

Article 9. MISCELLANEOUS

Section 9.1. INVESTMENT GUARANTY PROJECT APPROVAL. Construction work to be financed under this Agreement is agreed to be a project approved by Bolivia pursuant to the Agreement on Investment Guaranties between Bolivia and the United States of America, dated September 23, 1955¹ and no further approval by Bolivia will be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

Section 9.2. COMMUNICATIONS. Any notice, request, document or other communication submitted by either party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To Bolivia:

Mail address:

Ministry of Finance
c/o INDEF
La Paz, Bolivia

Cable address:

MINFINANZAS
La Paz, Bolivia

To A.I.D.:

Mail address:

United States AID Mission to Bolivia
c/o United States Embassy
La Paz, Bolivia

Cable address:

USAID, AmEmbassy
La Paz, Bolivia

All such communications will be in English unless the parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of prior notice.

¹ United Nations, *Treaty Series*, vol. 256, p. 275.

Section 9.3. REPRESENTATIVES. For all purposes relevant to this Agreement, Bolivia will be represented by the individual holding or acting in the Office of the Executive Director of INDEF and A.I.D. will be represented by the individual holding or acting in the Office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of Bolivia, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.4. STANDARD PROVISIONS ANNEX. A "Combined Loan and Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 9.5. CONTROLLING LANGUAGE. This Agreement is executed in both the English and Spanish languages. In case of inconsistency or conflict between the two versions, the English version shall control.

IN WITNESS WHEREOF, the Republic of Bolivia and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

United States of America:

[Signed]

FRANK B. KIMBALL
USAID/Bolivia Director

The Government of Bolivia:

[Signed]

Lic. CARLOS CALVO G.
Minister of Finance

[Signed]

Col. JAIME NIÑO DE GUZMÁN
Minister of Education and Culture

Annex 1

DETAILED PROJECT DESCRIPTION

Summary

The Project will seek to improve the professional capability of rural teachers to meet the educational needs of their students through:

- (1) Training professors at the Institute of Higher Education (ISER) in Tarija along with rural normal school teachers and rural school professors;
- (2) Developing the ISER and rural normal school curricula;
- (3) Preparing teaching materials for ISER and the Rural Normal Schools;
- (4) Improving the facilities of the six consolidated Rural Normal Schools and the facilities of the ISER; and
- (5) Improving the administrative system and managerial capability of the rural normal school system at the national, ISER and rural normal school levels.

A. Introduction

Financing for the Project will be principally from three sources: The AID loan (\$10 million), the GOB contribution (\$5,294 million) and a grant (\$1.7 million).

The expenditure of Project monies will focus on increasing and bettering the educational services provided to the rural normal schools and ISER in order to improve the professional capability of rural teachers to meet the educational needs of rural students. The direct recipient of the Project activities are ISER professors, rural normal school teachers and rural school teachers who will have their skills upgraded and the rural normal school students who will receive better quality instruction. The indirect beneficiaries will be the students in rural schools and the rural population in general who will be served by a rural school system which provides a better quality education more responsive to their needs.

The Project is further described by definition of project components outlined in Section 1.02 of the Loan Agreement.

B. Project Components

The Project consists of five discrete components: (1) Teacher Training; (2) Curriculum Development; (3) Teaching Material Development; (4) School Consolidation and Improvement; and (5) Administrative Improvement.

1. Teacher Training

Training activities are aimed at four groups of teachers: ISER professors; rural normal school teachers; rural school trainers; and rural school teachers.

a. *ISER Professors.* The Project will provide funds for overseas training for approximately 20 professors to be recruited to work at ISER. Courses of study will include rural education administration and supervision, planning and evaluation, research, program design, curriculum development and implementation, rural education techniques and methodologies, community/non-formal education, bilingual education and teaching materials, preparation and dissemination as well as subject matter fields.

b. *Rural Normal School Teachers.* The following groups of rural normal school teachers will receive training under the Project:

- i) Approximately twelve rural normal school teachers will study curriculum development and implementation, rural education techniques and methodologies, community/non-formal education, bilingual education and courses in subject matter fields for a school year in a foreign institution.
- ii) Project funds will be used to train about 40 underqualified rural normal school teachers at ISER in rural education techniques and methodologies, community/non-formal education, bilingual education and teaching materials preparation for a school year.
- iii) One month summer school courses for three years will be presented for about 80 qualified rural normal school teachers. These courses will include rural education techniques, community/non-formal education, bilingual education and teaching materials preparation.
- iv) Approximately 24 qualified urban normal school teachers will be selected to work at the rural normal schools. They will be trained in rural education techniques and methodologies, community/non-formal education, bilingual education and teaching materials preparation as well as introductory courses in agriculture, health and hygiene, and sanitation at ISER.
- v) Approximately 44 rural school teachers will be trained as rural normal school teachers at ISER. They also will study rural education, bilingual education and teaching materials preparation.

The teacher training program will be supported by a visiting professor program consisting of seminars and workshops. The visiting professors will include rural community development technicians as well as professional educators. They will bring information to Bolivia on the latest advances and experiments in rural education and rural community development in order to infuse new ideas into the rural education system and inspire the staffs of ISER and the rural normal schools. Three visiting professors per year for four years will give seminars and training courses at ISER and the rural normal schools.

c. *Rural School Trainers.* Each rural normal school will be assigned two full time teams of about 5 members each to provide in-service training to rural teachers. Six of the teams will study abroad; and six will study at ISER. Course content will be directed toward rural education needs.

d. *Rural School Teachers.* Approximately 900 teachers will study for two months each summer for three years at the Rural Normal Schools. Teacher trainers and rural normal school professors will provide instruction in rural education techniques and methodologies, community/non-formal education, bilingual education, teaching materials preparation and teaching in the multigrade setting. The in-service training will be reinforced by training teams during visits to the rural primary schools.

In addition, the National Staff of Rural Education will receive training in Bolivia, or abroad, as necessary for project implementation

An illustrative Financial Plan follows:

Teacher Development

<i>Component</i>	<i>Loan</i>	<i>Grant</i>	<i>GOB</i>	<i>Total</i>
Technical assistance	92	323		415
Training	1,328		148	1,476
Equipment and materials	204			204
Personnel			792	792
Operating expenses			185	185
TOTAL	1,624	323	1,125	3,072

2. Curriculum Development

In order to properly serve rural Bolivia, the rural normal school and rural school curricula must reflect the different conditions and needs of the diverse regions of the country. This situation leads to a division of the curriculum into two parts, a core curriculum which does not change with the geographic area and a specialized curriculum which changes from region to region. The rural normal school core curriculum includes areas such as pedagogy, community/non-formal education, teaching materials preparation, child development, and subject matter content. Area specific curriculum would include such as indigenous language skills (bilingual education), agriculture, health, hygiene, sanitation, home economics, nutrition, industrial arts and cottage industry courses.

New curricula at ISER and the Rural Normal Schools will be developed under the Project. At ISER, rural normal school teachers, national level supervisors and ISER professors will work toward a new, redesigned curriculum. Their efforts will be supported by a curriculum and teaching materials development specialist who will be assigned to ISER for 48 months. Project funds also will provide a total of 15 worker months of short term assistance to support curriculum development activities in library science, rural education methodologies and techniques, community/non-formal education and bilingual education.

Rural normal school directors, rural normal school teachers, ISER professors, District Education Development Center personnel and national supervisors also will help to develop the new rural normal school curricula.

The ISER curriculum and materials development specialist will work with the personnel in developing the new curricula; an additional 19 worker months of short-term technical assistance in pedagogy, child-development, sociology, health, hygiene, sanitation, animal husbandry and industrial arts will be provided to work with education personnel in the development of the new curricula.

An illustrative financial plan for this component is included under three (3) below.

3. *Teaching Material Development*

Teaching materials will be developed to support the new curriculum that will be introduced at ISER and the Rural Normal Schools. A new operational system of teaching materials preparation in support of the curriculum development process will be introduced at ISER and the Rural Normal Schools. This system will be responsible for reproduction and dissemination of rural normal school and rural school curriculum materials as they become available to ISER professors and rural normal school teachers. Materials for ISER and the Rural Normal Schools' core curriculum will be prepared and reproduced at ISER. Area specific materials for each geographic region will be prepared at the respective rural normal schools.

The curriculum and teaching materials specialist will work with ISER and rural normal school personnel to develop new teaching materials. A short-term media specialist will work with ISER and rural normal school personnel to help prepare illustrations, charts, photographic layouts, films and slides for the new materials.

An illustrative financial plan is as follows:

Curriculum and Teaching Material Development

<i>Component</i>	<i>Loan</i>	<i>Grant</i>	<i>GOB</i>	<i>Total</i>
Technical assistance	252	323		575
Equipment and materials	225			225
Personnel			458	458
Operating expenses			107	107
TOTAL	477	323	565	1,365

4. *School Consolidation and Improvement*

The provision of efficiently run and adequate facilities is necessary to provide a quality education and to enable selected institutions to attract more highly qualified teachers and students. Therefore the GOB has decided to concentrate efforts on 8 selected normal schools. Six of the eight rural normal schools plus ISER are included in this project. They are: Portachuelo, Caracollo, Villa Serrano, Canasmoro, Caiza D and Riberalta. Two other schools, Warisata and Vacas, form part of the World Bank and Rural Education I Projects respectively.

At ISER the Project will provide funds for equipment needs such as library, laboratory, specialized courses, audiovisual, workshop and office equipment and finance the purchase of library books, instructional materials, secretarial equipment and furnishings for the school buildings.

At six rural normal schools, the following construction activities will be done: Repairs will be made to existing structures, e.g., classrooms, water tanks, and dormitories; new facilities will be constructed to accommodate the new curriculum, e.g., workshops and home economics centers; teachers housing will be provided, where needed; potable water will be assured, and irrigation will be provided where practicable. Such measures are to be taken consistent with the enrollment of the student body, the curriculum, and the overall school program. New construction such as classrooms and dormitories will be built to support project activities.

An illustrative financial plan follows:

<i>Facilities Improvement</i>				
<i>Component</i>	<i>Loan</i>	<i>Grant</i>	<i>GOB</i>	<i>Total</i>
Technical assistance	123	—		123
Equipment and materials	973	—	147	1,120
Construction	5,067	—	2,574	7,641
Personnel			170	170
Operating expenses	—	—	41	41
TOTAL	6,163	—	2,932	9,095

5. *Administrative Improvement*

Effective administration of ISER and the rural normal schools is important to the Project's success. Therefore, the Project will invest significant resources at the national, ISER and rural normal school level to improve the administration of the rural normal school system.

At the national level, technical assistance will be provided to work with the Director of Rural Education and Rural Teacher Training Coordinator. Advice and assistance will be provided in all matters related to the implementation and monitoring of the Project. In addition Project funds also will provide 7 short-term advisors in educational sociology, educational statistics, and rural learning needs to develop baseline data for use in evaluating the Project.

Project administrative improvement efforts at ISER will focus on planning ISER's role in Bolivia's education system including its relationship with the rural normal schools. Efforts will be made to improve the personnel management system, record keeping system, and evaluation program at ISER. In addition, funds will be provided to initiate a national rural education journal at ISER serving the rural education community.

The Project will provide the services of an education planner and administration specialist to work at ISER and will provide advanced foreign training for ISER personnel in administration and management.

Long-term foreign training for National and ISER personnel and rural normal school professors will include course work in educational administration and management. In addition, the Visiting Professor Program will include seminars and workshops which focus on improved administrative and management practices at ISER and the rural normal schools.

An illustrative financial plan follows:

<i>Administrative Improvement</i>				
<i>Component</i>	<i>Loan</i>	<i>Grant</i>	<i>GOB</i>	<i>Total</i>
Technical assistance	178	858		1,036
Training	98			98
Equipment and materials	155			155
Personnel			160	160
Operating expenses			37	37
TOTAL	431	858	197	1,486

C. Technical Assistance

1. Planning and Administration Specialist

Approximately 48 worker months of technical assistance will be provided to the Rural Normal Schools Directorate in La Paz. The Specialist will provide advice and assistance in: (1) overall rural education system planning; (2) rural education project identification, development, implementation, monitoring and evaluation; (3) budgetary planning; (4) management practices; (5) personnel management; (6) overall planning and monitoring of rural education curriculum and teaching development activities; and (7) overall direction of rural education research and statistical development.

2. Education Logistics Advisor

The advisor will work for approximately 48 months with the Coordinator for Rural Education in La Paz on all matters related to the implementation and monitoring of the Project. Assistance will be provided in arranging overseas contracting for long and short-term technical assistance, procuring commodities and contracting for design and construction activities.

3. Education, Planning and Administration Specialist—ISER

Approximately 36 worker months of assistance will be provided to the ISER Director in: (1) planning of ISER's role in Bolivia's rural education system including its relationship with rural normal schools; (2) selection of curriculum and development of ISER courses; (3) development of rural education personnel management systems; (4) record keeping; (5) evaluation studies of rural education personnel management systems; (6) rural education research and statistical development; and (7) development of a national rural education journal.

4. Training Advisor

Approximately 48 worker months of assistance will be provided to advise and assist the rural normal school directors on the operation of the teams of trainers providing in-service training to rural school teachers. This advisor will be located at Portachuelo.

5. Curriculum and Teaching Materials Development

Approximately 48 worker months of technical assistance will be provided in curriculum and materials development activities to provide advice and assistance to GOB personnel working on curriculum development activities at ISER and the rural normal schools.

6. Short-Term Technical Assistance

The Project provides for a total of 78 worker months of short-term technical assistance including: (1) 12 worker months for the Visiting Professor Program; (2) 15 worker months for ISER curriculum development activities; (3) 17 worker months for rural normal school curriculum development activities; (4) 6 worker months for ISER teaching materials development; (5) 28 worker months for administrative improvement activities.

Summary Financial Plan

Component	Loan	Grant	GOB	Total
Technical assistance	645	1,504	—	2,149
Training	1,425	—	148	1,573
Equipment and materials	1,558	—	147	1,705
Construction	5,067	—	2,574	7,641
Personnel	—	—	1,580	1,580
Operating expenses	—	—	370	370
<i>Sub-total</i>	8,695	1,504	4,819	15,018
Inflation (5%)	435	75	143	653
Contingencies (10%)	870	150	287	1,307
TOTAL US\$	10,000	1,729	5,249	16,978

The Table below represents the Current Estimate of Annual GOB Contributions to the Project:

GOB Project Costs
(US\$)

<i>Activity</i>	<i>CY 1977</i>	<i>CY 1978</i>	<i>CY 1979</i>	<i>CY 1980</i>	<i>CY 1981</i>	<i>CY 1982</i>	<i>Total</i>
Training (travel and per diem).....		2	39	41	43	23	148
Equipment and materials			147				147
Construction			515	515	772	772	2,574
Personnel	4	149	253	321	418	435	1,580
Operating expenses	4	49	59	77	89	92	370
<i>Sub-total</i>	8	200	1,013	954	1,322	1,322	4,819
Inflation (5%)				11	53	79	143
Contingency (10%).....						287	287
TOTAL	8	200	1,013	965	1,375	1,688	5,249

ANNEX 2

COMBINED LOAN AND GRANT PROJECT STANDARD PROVISIONS ANNEX

Definitions

As used in this Annex, the "Agreement" refers to the Loan and Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A. PROJECT IMPLEMENTATION LETTERS

To assist Bolivia in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties will also use jointly agreed-upon and signed Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B. GENERAL COVENANTS

Section B.1. CONSULTATION. The parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

Section B.2. EXECUTION OF PROJECT. The Ministry of Education and Culture will:

- (a) Carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangement, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

- (b) Provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section B.3. UTILIZATION OF GOODS AND SERVICES. (a) Any resources financed under the Loan or Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Loan or Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

Section B.4. TAXATION. (a) This Agreement, and the Loan or Grant will be free from, and the principal and interest of the Loan will be paid free from, any taxation or fees imposed under laws in effect in Bolivia.

(b) (1) Any foreign contractor, including any consulting firm, any foreign personnel of such contractor financed under the Loan or Grant, and any property or transaction relating directly to such contracts and (2) any commodity procurement transaction financed under the Loan or Grant, are exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in Bolivia.

(c) To the extent any such contractor or commodity may not be exempt from such taxes in Bolivia, Bolivia will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Loan or Grant.

Section B.5. REPORTS, RECORDS, INSPECTIONS, AUDIT. Ministry of Education and Culture will:

- (a) Furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;
- (b) Maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Loan or Grant. Such books and records will be audited by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and
- (c) Afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by A.I.D., and books, records and other documents relating to the Project and the Loan or Grant.

Section B.6. COMPLETENESS OF INFORMATION. Bolivia confirms:

- (a) That the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan or Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement, and
- (b) That it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

Section B.7. OTHER PAYMENTS. Bolivia affirms that to the best of its knowledge no payments have been received and that Bolivia will take every reasonable measure to assure that none will be received by any official of Bolivia in connection with the procure-

ment of goods or services financed under the Loan or Grant except fees, taxes, or similar payments legally established in Bolivia.

Section B.8. INFORMATION AND MARKING. The Ministry of Education and Culture will give appropriate publicity to the Loan and Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C. PROCUREMENT PROVISIONS

Section C.1. SPECIAL RULES. (a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in Bolivia will be deemed an eligible Dollar Cost, if otherwise eligible under Section C.7 (a).

(c) Any motor vehicles (defined as automobiles, motorcycles, and trucks) financed under the Loan or Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available.

Section C.2. ELIGIBILITY DATE. No goods or services may be financed under the Loan or Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the parties may otherwise agree in writing.

Section C.3. PLANS, SPECIFICATIONS, AND CONTRACTS. Except as the parties may otherwise agree in writing:

(a) Ministry of Education and Culture will furnish to A.I.D. upon preparation:

- (1) Any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Loan or Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished to A.I.D. on preparation;
- (2) Such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Loan or Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of proposals for goods and services financed under the Loan or Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States and Bolivian standards and measurements when applicable;

(c) Contracts and contractors financed under the Loan or Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of such contracts. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution;

(d) Consulting firms used by Bolivia for the Project but not financed under the Loan or Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by Bolivia for the Project but not financed under the Loan or Grant, shall be acceptable to AID; and

(e) Bidding, contracting and procurement under the Loan and Grant shall be carried out in accordance with Bolivian laws and regulations except where A.I.D. regulations and procedures with respect to international project agreements (including A.I.D. Handbook 11, copy of which has been provided to Bolivia) are applicable.

Section C.4. REASONABLE PRICE. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Loan or Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

Section C.5. NOTIFICATION TO POTENTIAL SUPPLIERS. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Loan and Grant, Bolivia will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

Section C.6. SHIPPING. (a) Goods which are to be transported to Bolivia may not be financed under the Loan or Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to Bolivia, has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Loan or Grant if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the Article and Sections of the Agreement entitled "Procurement Source: U.S. Dollar Costs (Loan)" or "Procurement Source: U.S. Dollar Costs from the United States (Grant)", without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to Bolivia, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately-owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to Bolivia on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

Section C.7. INSURANCE. (a) Marine insurance on goods financed by A.I.D. which are to be transported to Bolivia may be financed under the Loan or Grant, as a Dollar Cost or Grant Dollar Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the government of Bolivia, by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to Bolivia financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, Bolivia will insure, or cause to be insured, goods financed under the Loan or Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by Bolivia under such insurance will be used to replace or repair any material damage or any loss of the goods

insured or will be used to reimburse Bolivia for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.8. GOVERNMENT-OWNED EXCESS PROPERTY. Bolivia agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items, financed under the Loan or Grant may be utilized. Funds under the Loan or Grant may be used to finance the costs of obtaining such property for the Project.

Article D. TERMINATION; REMEDIES

Section D.1. CANCELLATION BY BOLIVIA. Bolivia may, by giving A.I.D. 30 days' written notice, cancel any part of the Loan or the Grant which has not been disbursed or committed for disbursement to third parties.

Section D.2. EVENTS OF DEFAULT; ACCELERATION. It will be an "Event of Default" if Bolivia shall have failed: (a) to pay when due any interest or installment of principal required under this Agreement; (b) to comply with any other provision of this Agreement, or (c) to pay when due any interest or installment of principal or other payment required under any other loan, guaranty or other agreement between Bolivia or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may at its option give Bolivia notice that all or any part of the unrepaid principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

- (1) Such unrepaid principal and accrued interest hereunder will be due and payable immediately, and
- (2) The amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

Section D.3. SUSPENSION. If at any time:

- (a) An Event of Default has occurred; or
 - (b) An event or events occur which in the judgment of A.I.D. create an extraordinary situation that makes it improbable either that the purpose of the Loan or Grant will be attained or that Bolivia will be able to perform its obligations under this Agreement; or
 - (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or
 - (d) Bolivia shall have failed to pay when due any interest, installment of principal or other payment required under any other loan, guaranty, or other agreement between Bolivia or any of its agencies and the Government of the United States or any of its agencies;
- then A.I.D. may:

- (1) Suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to Bolivia;
- (2) Decline to issue additional commitment documents or to make disbursement[s] other than under existing ones; and
- (3) At A.I.D.'s expense, direct that title to goods financed under the Loan or Grant be transferred to A.I.D. if the goods are from a source outside Bolivia, are in a deliverable state and have not been off-loaded in ports of entry of Bolivia. Any disbursement made under the Loan with respect to such transferred goods will be deducted from principal.

Section D.4. CANCELLATION BY A.I.D.. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3, the cause or causes thereof have

not been corrected, A.I.D. may cancel any part of the Loan or Grant that is not then disbursed or irrevocably committed to third parties with prior notice to INDEF and the MEC.

Section D.5. CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all principal and accrued interest hereunder.

Section D.6. REFUNDS. (a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D. may require Bolivia to refund the amount of such disbursement in U.S. dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of Bolivia to comply with any of its obligations under this Agreement has the result that goods or services financed under the Loan or Grant are not used in accordance with this Agreement, A.I.D. may require Bolivia to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. dollars to A.I.D. within four months after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) Any refund under subsection (a) or (b), or any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Loan or Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will be made available first for the cost of goods and services required for the Project, to the extent justified, and the remainder, if any, (i) will be applied to the installments of principal in the inverse order of their maturity if derived from Loan funds and the amount of the Loan reduced by the amount of such remainder; and (ii) will be applied to reduce the amount of the Grant if derived from Grant funds.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to Bolivia under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by Bolivia.

Section D.7. NONWAIVER OF REMEDIES. No delay in exercising any right or remedy accruing to a party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy within the terms of the Agreement.

Section D.8. ASSIGNMENT. Bolivia agrees, upon reasonable request, to execute an assignment to A.I.D. of any cause of action which may accrue to Bolivia in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.
