No. 9300

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and NICARAGUA

Loan Agreement—*Education Project* (with schedules and annexed Loan Regulations No. 3, as amended). Signed at Washington, on 10 April 1968

Official text: English.

Registered by the International Bank for the Reconstruction and Development on 18 November 1968.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et NICARAGUA

Contrat d'emprunt — *Projet relatif à l'enseignement* (avec annexes et, joint, le Règlement n° 3 sur les emprunts, tel que modifié). Signé à Washington, le 10 avril 1968

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 novembre 1968.

No. 9300. LOAN AGREEMENT[1] (*EDUCATION PROJECT*) BETWEEN THE REPUBLIC OF NICARAGUA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 10 APRIL 1968

AGREEMENT, dated April 10, 1968, between REPUBLIC OF NICARAGUA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) : The first sentence of Section 4.01 is deleted.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to four million dollars ($4,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account (*a*) such amounts as shall have been paid, or, if the Bank shall so agree, as shall be required to meet payments to be made, for the reasonable cost of goods to be agreed between the Borrower and the Bank; and (*b*) the equivalent

[1] Came into force on 25 June 1968, upon notification by the Bank to the Government of Nicaragua.
[2] See p. 280 of this volume.

of a percentage or percentages as may be established from time to time by agreement between the Bank and the Borrower of such amounts as shall have been paid or, if the Bank shall so agree, as shall be required to meet payments to be made for the reasonable cost of other goods to be agreed between the Borrower and the Bank, and for the purposes of this subsection (*b*) clause (*b*) of Section 4.01 of the Loan Regulations shall not apply.

Section 2.04. Pursuant to Section 3.02 of the Loan Regulations, withdrawals under paragraph (*b*) of Section 2.03 of this Agreement shall be made in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

Section 2.06. The Borrower shall pay interest at the rate of six and one-fourth per cent ($6^1/_4$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent (½ of 1%) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan and the methods and procedures for procurement of the goods to be financed out of such proceeds shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The *Ministro de Hacienda y Crédito Público* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The *Ministro de Hacienda y Crédito Público* of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall carry out the Project with due diligence and efficiency in conformity with sound technical, administrative and financial standards, and with due regard to economy, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(*b*) The Borrower shall cause the educational institutions included in the Project to be operated so as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

(*c*) The Borrower shall provide, promptly as needed, all funds, facilities and other resources, required for the effective utilization, staffing, equipping, and operation of the educational institutions included in the Project, and shall make such budgetary allocations or other arrangements as shall be necessary for the purpose.

(*d*) To assist in carrying out the Project, the Borrower shall (i) establish and maintain, upon terms and conditions satisfactory to the Bank, an appropriately staffed special unit within its Ministry of Education, headed by a Project Director acceptable to the Bank, to be responsible for the proper execution and supervision of the Project, and (ii) appoint, from the staff of its Ministry of Development and Public Works, a Project Architect acceptable to the Bank, to be a member of such special unit.

(*e*) In carrying out of the Project the Borrower shall employ qualified and experienced architectural consultants acceptable to the Borrower and the Bank, to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.

(*f*) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ contractors satisfactory to the Borrower and the Bank, under contracts satisfactory to the Borrower and the Bank.

(*g*) Upon request from time to time by the Bank, the Borrower shall promptly furnish to the Bank for its approval the plans, specifications, contracts and work schedules for the construction work included in the Project and the master lists of instructional equipment and furniture included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

Section 5.02. The Borrower shall (i) adequately maintain the buildings and equipment of the educational institutions included in the Project and make all necessary renewals and repairs thereof and (ii) provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 5.03. The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition, in respect of the Project, of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and of the educational institutions included in the Project.

Section 5.04. (*a*) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, each of them shall 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 and the international balance of payments position of the Borrower.