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INFORMATION MEMORANDUM FOR THE DEPUTY U.S. COORDINATOR

FROM : LA/DR, John R. Breen

SUBJECT: Issues Paper - Panama - Education Development IFR

The DAEC will review the subject IFR on Friday, January 17, at 2:30 p.m., in the LA/DR Conference Room.

The proposed loan for \$12 million supported by a COP contribution of \$6 million would assist in the development and financing of four project components: (1) transformation and development of the "General Basic Cycle School System" (grades 1-9) in rural areas at a total cost of \$11.51 million (\$7.6 million A.I.D.); (2) conversion of two Normal Schools to create "Educational Development Centers for Teacher Training" for training qualified teachers, supervisors, guidance personnel and school administrators for the General Basic Cycle Education System at a total cost of \$2.77 million (\$1.9 million A.I.D.); (3) establishment of two Polytechnic Institutes at a total cost of \$3.47 million (\$2.3 million A.I.D.); and (4) supporting the creation of a "Development Research Institution" in the University of Panama at a total cost of \$0.25 million (\$0.2 million A.I.D.).

The proposed loan was included in the FY 1975 CP at the level of \$9.0 million. Accordingly, if the IFR amount is retained, informal Congressional notification will be necessary.

The following issues have been identified for the DAEC meeting:

1. Relation of this Project to Other A.I.D. Activities: The DAEC will discuss recent evaluations of the ongoing Education Development Loan project (036) and the need for evaluation of the innovations in education grant project (172) and their relevance to the rationale for and design of the proposed project.

2. Scope of the Project: The DAEC will discuss the rationale for and impact of the number of basic cycle schools to be constructed, and whether adequate consideration was given to more intensive use of existing facilities and the utilization of the regional school concept as alternatives to construction.

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3. GOP Budgetary Implications: The DAEC will discuss whether it will be necessary to raise the salaries of teachers who have received improved training under this project; how the additional operating expenses of the more complex and better equipped schools will be met; and whether the budget for the entire 105 schools cited on IRR page nine should be examined rather than the 35 being financed under this project.
4. Loan Amount and Disbursement Period: The IRR proposes a four year disbursement period for the loan. The DAEC will discuss whether sufficient justification exists to permit the four-year period and if not, whether the full loan amount is required.
5. GOP Counterpart: The DAEC will discuss whether an attempt should be made to increase the GOP contribution from the 33% posited in the IRR to some higher level, such as 50%.
6. Relationship to IDB Financing: The IDB is planning a sizeable loan for Panama's education sector including the construction of some basic cycle schools. The relationship of the A.I.D. loan to the IDB loan will be discussed.
7. Integration of the Elements: The DAEC will discuss the ways in which the particular schools to be constructed and equipped under this project, with their modified curricula and specially trained faculties, might be integrated into the overall Panamanian educational system. This discussion will include the need for coordination between polytechnic teacher training and the training of the Education Development Centers.
8. Manpower Requirements: The DAEC will discuss the analytical basis for the proposed capacity and curriculum of the polytechnic schools to be financed under the loan.
9. Capacity of Education Development Centers: The DAEC will discuss whether the expected capacity of these centers will be exceeded by the projected workload which includes retraining of 14,000 over a five-year period.
10. Prospective Impact of Project on Rural Poor and Women: The DAEC will discuss whether the education to be provided under this program will lay the ground-work for social change in addition to providing the technical skills needed by workers under the existing system. This will include such issues as: whether women will be educated in such a way as to widen their opportunities; whether students will learn techniques applicable to

independent small farms and workshops; whether students will be taught administrative subjects to assist them to become entrepreneurs; and whether students will be allowed to participate in the decision making processes of the "production schools".

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

OFFICE OF  
THE ADMINISTRATOR

LOAN AUTHORIZATION

A.I.D. Loan No. 525-V-043

For: PANAMA - Education Sector Loan II

Provided From: Section 105 (Education and Human Resources  
Development)

Pursuant to the authority vested in the Administrator, Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, ("The Act") and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan ("Loan") pursuant to Section 105 of the Act, and in furtherance of the Alliance for Progress, to the Government of Panama ("Borrower") of not to exceed eleven million United States dollars (\$11,000,000) to assist in financing the United States dollar and local currency costs of a project to modernize, restructure and reorient educational programs at all levels within Panama's formal and non-formal educational system ("Project"). The Loan shall be subject to the following terms and conditions:

1. Interest and Terms of Repayment

Borrower shall repay the Loan to A.I.D. in United States dollars within forty (40) years from the date of the first disbursement under the Loan, including a grace period of not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars interest at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter on the outstanding disbursed balance of the Loan and unpaid interest.

2. Other Terms and Conditions

A. Except for ocean shipping, goods and services financed under the loan shall have their

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source and origin in Panama or countries included in A.I.D. Geographic Code 941, provided, however, that marine insurance may be financed under the Loan only if it is obtained on a competitive basis, and any claims thereunder are payable in freely convertible currencies. Ocean shipping financed under the Loan shall be procured in any country included in A.I.D. Geographic Code 941, not including Panama.

- B. United States dollars utilized under the Loan to finance local currency costs shall be made available pursuant to procedures satisfactory to A.I.D.
- C. Prior to issuance of any commitment documents or any disbursements under the Loan, Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:
  - (i) Evidence that Borrower has appointed a Project Administrator, with authority and responsibility for coordinating all aspects of the Project;
  - (ii) Evidence that Borrower has appointed a Project Implementation Committee responsible for coordinating the related elements of the Project with the proposed program to be financed by the Inter-American Development Bank.
  - (iii) A time-phased plan for the implementation of the Project.
- D. Prior to the issuance of any commitment document or any disbursements under the Loan for construction, Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:
  - (i) A plan to maintain all schools constructed in Panama financed under the Loan or under prior A.I.D. assistance and all equipment therein ("Maintenance Plan"); and

(ii) Evidence that it has contracted with a qualified consultant to assist the MOE's Inspection and Maintenance Department.

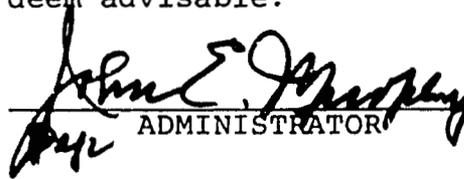
E. Prior to the issuance of any commitment documents or any disbursements under the Loan for construction of the Education Development Center, Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D., evidence that graduates of the Teacher Training Program to be established in the Education Development Center will be certified to teach in the Basic Cycle Level of the General Basic Cycle School System.

F. Borrower shall covenant that:

(i) It will budget and expend amounts satisfactory to A.I.D. and sufficient to maintain adequately all schools constructed in Panama under the Loan or prior A.I.D. assistance, including equipment therein, in accordance with the Maintenance Plan;

(ii) One year from the date of first disbursement and annually thereafter during the life of the Project, Borrower shall conduct jointly with A.I.D. an intensive review and evaluation of the progress of the Project.

G. This Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

  
ADMINISTRATOR

Clearances:

GC, Gladson <u>ad</u>	Date <u>8/26/75</u>
AA/LA, Kleine <u>W</u>	Date <u>8/26/75</u>
GC/LA, Levy <u>etw</u>	Date <u>8/12/75</u>
LA/PAN, Camaur <u>W</u>	Date <u>8/18/75</u>
LA/DR, Lion <u>X</u>	Date <u>8/21/75</u>
LA/DR, Dagata <u>RC</u>	Date <u>8/21/75</u>
PPC/DPR, Handly <u>W</u>	Date <u>8/21/75</u>
SER/FM, Blacka <u>W</u>	Date <u>8/21/75</u>
AA/PPC, Birnbaum <u>W</u>	Date <u>8/28/75</u>

9/2/75  
Date

W  
GC/LA, Lundy: lb: 8/4/75

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525-V-043

LOAN AUTHORIZATION (AMENDMENT NO. 1.)

A.I.D. LOAN No. 525-V-043

Provided From: Section 105 - Education and Human  
Resources Development

PANAMA: Education Sector Loan II

Pursuant to the authority vested in the Administrator, Agency for International Development, by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby amend the Loan Authorization dated September 2, 1975, authorizing A.I.D. Loan No. 524-V-043 ("Loan Authorization") as follows:

1. In the first paragraph, the words "eleven million United States dollars (\$11,000,000)" are deleted and the words "thirteen million five hundred thousand United States dollars (\$13,500,000)" substituted in lieu thereof.

2. Section 1, Interest and Terms of Repayment, is amended to read as follows:

- (a) With respect to the eleven million United States dollars (\$11,000,000) originally authorized under the Loan Authorization, Borrower shall repay this portion of the Loan to A.I.D. in United States dollars within forty (40) years from the date of the first disbursement under the Loan, including a grace period of not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars interest at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter on the outstanding disbursed balance of this portion of the Loan and unpaid interest.
- (b) With respect to the additional two million five hundred thousand United States dollars (\$2,500,000) authorized under Amendment No. 1 to the Loan Authorization, Borrower shall repay this portion of the Loan to A.I.D. in United States dollars



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A.I.D. Loan No. 525-V-043

LOAN AGREEMENT

Between

THE REPUBLIC OF PANAMA

and the

UNITED STATES OF AMERICA

for

EDUCATION SECTOR LOAN II

Dated: November 19, 1975

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L O A N A G R E E M E N T dated November 19, 1975  
between the REPUBLIC OF PANAMA ("Borrower") and the UNITED STATES  
OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT  
("Lender").

ARTICLE I

The Loan

SECTION 1.01. The Loan. Lender agrees to lend to the Borrower pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed Eleven Million United States Dollars (\$11,000,000) ("Loan") to assist the Borrower in carrying out the Project referred to in Section 1.02 ("Project"). The Loan shall be used exclusively to finance offshore costs of goods and services required for the Project ("Offshore Costs") and local costs of goods and services required for the Project ("Local Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Project shall consist of the modernization, restructuring and reorientation of educational programs at all levels within the formal and non-formal educational system.

The Project is more fully described in Annex I, attached hereto, which Annex may be modified in writing. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 8.03 ("Implementation Letters").

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to Lender interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement 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 balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.04), and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by Lender.

SECTION 2.02. Repayment. The Borrower shall repay to Lender the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of Principal and interest. The first installment of Principal shall 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 2.01. Lender shall provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency, and Place of Repayment.

All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as Lender may otherwise specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with Lender, at such time or times as Lender may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the Republic of Panama.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- ~~(a)~~ An opinion of the Procurador General of Panama that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- ~~(b)~~ A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 8.02, and a specimen signature of each person specified in such statement;
- (c) Evidence that the Borrower has appointed a Project Administrator, who is an employee of the Borrower, with authority and responsibility for coordinating all aspects of the Project; and
- (d) A time-phased plan for the implementation of the Project.

SECTION 3.02. Conditions Precedent to School Construction.

Prior to any disbursement or to the issuance of any Letter of Commit-

ment under the Loan for construction, the Borrower shall, except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- (a) Evidence that the Borrower has obtained for itself or for project purposes, real property rights, including easements and rights of way, required for the construction and operation of the particular school to be constructed;
- (b) A plan to maintain schools and equipment therein ("Maintenance Plan"); and
- (c) Evidence that it has contracted with a qualified consultant to assist the Ministry of Education's newly created Inspection and Maintenance Department.

SECTION 3.03. Conditions Precedent to the Construction of the Education Development Center. Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan for construction of the Education Development Center, Borrower shall except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- (a) Evidence that graduates of the Educator Training Program to be established in the Education Development Center will be certified to teach in the General Basic School System; and
- (b) Evidence that the Borrower has obtained for itself or for project purposes, real property rights, in-

cluding easements and rights of way, required for the construction and operation of the Education Development Center.

SECTION 3.04. Terminal Dates for Meeting Conditions Precedent to Disbursement.

- (a) If all of the conditions specified in Section 3.01 shall not have been met within 120 days from the date of this Agreement, or such later date as Lender may agree to in writing, Lender, at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.
- (b) If all of the conditions specified in Sections 3.02 and 3.03 shall not have been met on such later dates as Lender may specify in writing, Lender, at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

**SECTION 3.05. Notification of Meeting of Conditions Precedent to Disbursement.** Lender shall notify the Borrower upon determination by Lender that the conditions precedent to disbursement specified in Section 3.01, and, as the case may be, 3.02 and 3.03 have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

- (a) The Borrower agrees to carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, and management practices. In this connection, the Borrower agrees at all times to employ suitably qualified and experienced personnel to be professionally responsible for the design and execution of the Project and suitably qualified and competent construction contractors to carry out the Project. The communities, under competent supervision, may participate in the execution of the Project.
- (b) The Borrower agrees to cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by Lender pursuant to this Agreement.

SECTION 4.02. Funds and Other Resources to be Provided by Borrower. The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out, maintenance, repair, and operation of the Project, including the execution of the approved school maintenance plan.

**SECTION 4.03. Continuing Consultation.**

- (a) The Borrower and Lender shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and Lender shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.
- (b) In this respect, one year from the date of first disbursement and annually thereafter, during the life of the Project, Borrower shall conduct jointly with Lender an intensive review and evaluation of the progress of the Project.

**SECTION 4.04. Management.** The Borrower shall provide qualified and experienced management for the Project and it shall train such staff as may be appropriate for the maintenance and operation of the Project.

**SECTION 4.05. Operation and Maintenance.** The Borrower shall cause the installations constructed as part of Project to be operated, maintained, and repaired in conformity with sound engineering, financial, administrative, and managerial practices and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

**SECTION 4.06. Taxation.**

- (a) This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without de-

duction for and free from, any taxation or fees imposed under the laws in effect with the Republic of Panama, or any political subdivision thereof except Municipalities.

- (b) In the event of any municipal taxation or fees being imposed with respect to this Agreement, the Loan or any evidence of indebtedness issued in connection herewith, Borrower warrants that it will pay said taxation or fees from resources other than the Loan and other than the funds which Borrower is otherwise obligated to contribute to the Project.
- (c) To the extent that (i) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, any property or transactions relating to such contracts and (ii) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Panama, or any political subdivision thereof, Borrower agrees, as and to the extent prescribed in and pursuant to Implementation Letters, to pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.07. Utilization of Goods and Services.

- (a) Goods and services financed under the Loan shall be

used exclusively for the Project, except as Lender may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such manner as Lender may agree to in writing prior to such use or disposition.

- (b) Except as Lender may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION 4.08. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to Lender in the course of obtaining the Loan are accurate and complete, and that it has disclosed to Lender, accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of obligations under this Agreement. The Borrower shall promptly inform Lender of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of obligations under this Agreement.

SECTION 4.09. Commissions, Fees and Other Payments.

- (a) The signatories warrant and covenant that in connection

with obtaining the Loan, or taking any action under or with respect to this Agreement, neither has paid, nor will pay or agree to pay, nor to the best of either party's knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The signatories shall promptly report any payment or agreement to pay for such bona fide professional, technical, or comparable services to which either is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by Lender, the same shall be adjusted in a satisfactory manner.

- (b) The signatories warrant and covenant that no payments have been or will be received by either party, or any official of either party, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the Republic of Panama or in the United States of America.

SECTION 4.10. Maintenance and Audit of Records. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (c) the basis of the award of contracts and orders to successful bidders; and
- (d) the progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, at such intervals as may be agreed between Borrower and Lender (at a frequency of not less than once per year). Such books and records shall be maintained for five years after the date of the last disbursement by Lender or until all sums due Lender under this Agreement have been paid, whichever date shall first occur.

**SECTION 4.11. Reports.** The Borrower shall furnish to Lender such information and reports relating to the loan and to the Project as Lender may reasonably request.

**SECTION 4.12. Inspections.** The authorized representatives of Lender shall have the right with prior notification to the Borrower at all reasonable times to inspect the Project, the utilization of all goods and services financed under the loan, and the Borrower's books, records, and other documents relating to the Project and the loan. The Borrower shall cooperate with Lender to facilitate such inspections and shall permit representatives of Lender to visit any part of the country of the Borrower for any purpose relating to the loan.

ARTICLE V

Procurement

SECTION 5.01. Procurement from A.I.D. Geographic Code 941 Countries. Except as Lender may otherwise agree in writing, and except as provided in subsection 5.09(c) with respect to marine insurance, disbursements made pursuant to Section 6.01 shall be used exclusively to finance the procurement for the Project of goods and services 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 are entered into for such goods and services. All ocean shipping financed under the Loan shall have both its source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

SECTION 5.02. Procurement from the Republic of Panama. Disbursements made pursuant to Section 6.02 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in the Republic of Panama.

SECTION 5.03. Eligibility Date. Except as Borrower and Lender may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

SECTION 5.04. Goods and Services Not Financed Under the Loan. Goods and services procured for the Project, but not financed under the Loan shall have their source and origin in countries included

in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

SECTION 5.05. Implementation of Procurement Requirements.

The definitions applicable to the eligibility requirements of Sections 5.01, 5.02 and 5.04 will be set forth in detail in Implementation Letters consistent with Panamanian law.

SECTION 5.06. Plans, Specifications, and Contracts.

- (a) Except as Lender may otherwise agree in writing, the Borrower shall furnish to Lender promptly upon preparation, all plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications therein.
- (b) Except as Lender may otherwise agree in writing, all of the plans, specifications, and construction schedules furnished pursuant to subsection (a) above shall be approved by Lender in writing.
- (c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by Lender in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be in terms of normal standards and measurements of the United States or Panama except as Lender may otherwise agree in writing.

- (d) The following contracts financed under the Loan shall be approved by Borrower and Lender in writing in the following manner:
- (i) contracts for engineering, prior to their execution;
  - (ii) contracts for construction services, prior to their execution;
  - (iii) contracts for professional services and for such other services as Borrower and Lender may specify, with prior consultation with the Lender; and
  - (iv) contracts for such equipment and materials as Borrower and Lender may specify, prior to their execution.

In the case of any of the above contracts for services, Borrower and Lender shall also approve in writing the contractor and such key contractor personnel as Borrower and Lender may have previously specified. Material modifications in any of such contracts and changes in any of such personnel shall also be subject to consultation in writing with the Lender prior to their becoming effective.

- (e) Consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as Lender may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to Borrower and Lender.

SECTION 5.07. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

SECTION 5.08. Employment of Third Country Nationals. The employment of personnel to perform services under any construction contract financed under the Loan shall be subject to certain requirements with respect to nationals of countries other than the Republic of Panama and countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time the construction contract is entered into. These requirements are prescribed in Implementation Letters.

SECTION 5.09. Shipping and Insurance.

- (a) Code 941 goods financed under the Loan shall be transported to the country of the Borrower only on flag carriers of a country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. No such goods may be transported on any ocean vessel (or aircraft) (i) when Lender, in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by Lender.

- (b) Unless Borrower and Lender shall determine that privately owned United States flag commercial vessels are not available at fair and reasonable rate for such vessels, (i) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under the Loan which may be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels, and (ii) at least fifty percent (50%) of the gross freight revenue generated by shipments financed under the Loan and transported to the Republic of Panama 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 (i) and (ii) above must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non U.S. ports, computed separately.
- (c) Marine insurance on Code 941 goods may be financed under the Loan with disbursements made pursuant to Section 6.01, provided (i) such insurance is placed at the lowest available competitive rate in the Republic of Panama or in a country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of placement, and (ii) claims thereunder

are payable in the currency in which such goods were financed or in any freely convertible currency. If the Government of the Republic of Panama, by statute, decree, rule, regulation, or practice discriminates with respect to Lender-financed procurement against any marine insurance company authorized to do business in any state of the United States, then all goods shipped to the cooperating country financed under the Loan shall be insured against marine risks and such insurance shall 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.

- (d) The Borrower shall insure, or cause to be insured, all Code 941 goods financed under the Loan against risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice and shall insure the full value of the goods. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin in the Republic of Panama or 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 are entered into for such replacements, and shall be otherwise subject to the provisions of this Agreement.

SECTION 5.10. Notification to Potential Suppliers. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to Lender such information with regard thereto, and at such times, as Lender may request in Implementation Letters.

SECTION 5.11. United States Government-owned Excess Property. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from Lender and Lender will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. Lender will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such Lender assistance, the Borrower shall indicate to Lender in

writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

SECTION 5.12. Information and Marking. Borrower agrees to give publicity to the Loan and the Project as a joint program utilizing United States and Panamanian resources in furtherance of mutual objectives, identify the Project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VI

Disbursements

SECTION 6.01. Disbursement for Offshore Costs - Letters of Commitment to United States Banks. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request Lender to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to Lender, committing Lender to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for Offshore Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as Lender may prescribe in Letters of Commitment and Implementation Letters.

Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 6.02. Disbursement for Local Costs. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by Lender for Local Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement by submitting to Lender such supporting documentation as Lender may prescribe in Implementation Letters. Funds utilized under the Loan to finance local costs shall be made available pursuant to procedures satisfactory to Lender.

SECTION 6.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and Lender may agree to in writing.

SECTION 6.04. Date of Disbursement. Disbursements by Lender shall be deemed to occur, (a) in the case of disbursements pursuant to Section 6.01, on the date on which Lender makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment, and (b) in the case of disbursements pursuant to Section 6.02, on the date on which Lender disburses to the Borrower or its designee.

SECTION 6.05. Terminal Date for Disbursement. Except as Borrower and Lender may otherwise agree in writing, no Letter of Commitment, or other commitment documents which may be called for by another form of disbursement under Section 6.03 or amendment thereto shall be issued in response to requests received by Lender, after September 15, 1978 and no disbursement shall be made against documentation received by Lender or any bank described in Section 6.01 after March 15, 1979. Lender at its option may at any time or times after September 15, 1978 reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VII

Cancellation and Suspension

SECTION 7.01. Cancellation by Mutual Agreement. The Borrower and Lender may mutually agree in writing to cancel any part of the Loan (i) which, prior to the date of said Agreement, Lender has not disbursed or committed itself to disburse, or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 7.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;
- (c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and Lender, or any of its predecessor agencies;

Then Lender may, at its option, give to the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days:

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursement. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs that Borrower or Lender determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) Any disbursement by Lender would be in violation of the United States legislation governing Foreign Assistance;
- (d) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agree-

ment, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

Then Lender may, at its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event Lender shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at Lender's expense, direct that title of goods financed under the Loan shall be transferred to Lender if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of the country of the Borrower. Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

**SECTION 7.04. Cancellation by Lender.** Following any suspension of disbursements pursuant to Section 7.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, Lender may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

**SECTION 7.05. Continued Effectiveness of Agreement.** Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

**SECTION 7.06. Refunds.**

- (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, Lender, notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to Lender within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder,

if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, Lender's right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

- (b) In the event that Lender receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, Lender shall first make such refund available for the cost of goods and services procured for the Project hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

SECTION 7.07. Expenses of Collection. All reasonable costs incurred by Lender, other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due

Lender by reason of the occurrence of any of the events specified in Section 7.02 may be charged to the Borrower and reimbursed to Lender in such manner as Lender may specify.

SECTION 7.08. Nonwaiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to Lender under this Agreement shall be construed as a waiver of any of such rights, powers, or remedies.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Communications. Any notice, request, document, or other communication given, made, or sent, by the Borrower or Lender pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following address:

TO BORROWER:

Mail Address: Ministerio de Educación  
Apartado Postal 2440  
Panamá 3, Rep de Panamá

Cable Address: Ministerio de Educacion  
Panamá

TO LENDER:

Mail Address: United States Agency for  
International Development  
Apartado 1099  
Panamá 5, Rep. de Panamá

Cable Address: USAID  
American Embassy  
Panamá

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to Lender hereunder may be in Spanish except as Lender and Borrower may agree in writing.

SECTION 8.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Minister of Education and Lender will be represented by the individual holding or acting in the office of Director, United States Agency for International Development Mission to Panama. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to Lender. Until receipt by Lender of written notice of revocation of authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. Implementation Letters. Lender shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement. Nothing in such letters shall alter the terms of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as Lender may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as Lender may reasonably request.

SECTION 8.05. Approvals. Documents or reports submitted by Borrower to Lender in connection with this Agreement, which must be in form satisfactory to Lender, are deemed to be in form and substance satisfactory to Borrower who is submitting them.

SECTION 8.06. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and Lender under this Loan Agreement shall terminate.

IN WITNESS WHEREOF the Republic of Panama and the United States of America, acting through their respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written in the English and Spanish languages of which the Spanish is to be recognized as a translation from the English.

REPUBLIC OF PANAMA

UNITED STATES OF AMERICA

By: \_\_\_\_\_  
Miguel A. Sanchiz  
Minister of Finance

By: \_\_\_\_\_  
William Jordan  
Ambassador

By: \_\_\_\_\_  
Aristides Royo  
Minister of Education

By: \_\_\_\_\_  
George Rublee  
Acting Director  
Agency for International  
Development  
Mission to Panama

ANNEX I  
THE PROJECT

1. Purpose:

The Project to be jointly financed by Borrower and Lender has the following purposes:

- 1.1 To provide meaningful learning experiences which will be useful to Panamanians, primarily in rural areas in grades 1-9.
- 1.2 To augment the capacity of the educator training services - preparation, training and upgrading - of the general system of education.
- 1.3 To train middle-level manpower in applied industrial and technical fields.
- 1.4 To augment the national capacity in scientific research.

The Project is part of the effort the Government of Panama (GOP) is making for the expansion, transformation and reorientation of educational programs at all levels. It is designed to contribute to correcting the imbalance that exists in access to education between rural and urban groups and to make possible a more practical and vocationally oriented general, scientific and technical education which responds to the social and economic development needs of Panama.

2. Description:

Within the framework of the overall Project, the following four sub-projects will be carried out:

2.1 Sub-project 1 will be the transformation and development of the General Basic Education Subsystem by:

2.1.1 Providing the General Directorate of Curriculum and Educational Technology of the Ministry of Education (MOE) technical cooperation, training, administrative and logistical support to carry out educational workshops and other activities necessary for the development of the new curriculum (including plans, programs, textbooks and other educational aids) for the General Basic Education level, grades 1-9.

2.1.2 Furnishing the MOE Educational Printing Center with equipment, materials, paper, technical cooperation and training to improve and accelerate production and distribution of educational materials, including books, textbooks, teachers guides and manuals necessary for the teaching of the General Basic Education Subsystem.

2.1.3 Providing the General Directorate of Curriculum and Educational Technology with technical cooperation, training, books, materials and basic library equipment

to establish a Specialized Curriculum Library.

2.1.4 Constructing or converting through remodeling, rebuilding and/or additions to, at least thirty basic cycle schools, (grades 7-9). This will consist of changes in or additions to physical facilities at each school site as consistent with Project purposes and plans. The schools constructed or transformed will be adequately equipped with basic furniture, equipment and materials for libraries, classrooms, cafeterias, dormitories, home economics facilities, laboratories and agricultural and carpentry shops, as well as vehicles, and whatever other materials and equipment might facilitate the adequate functioning of the schools.

The schools will be predominantly in rural areas, but it is agreed that up to one-sixth of the funds allocated for construction or conversion in the General Basic Education Program may be used for investment in schools in non-rural areas. The GOP or local communities, at the time of initiating each project, will provide duly legalized building sites for school facilities, and in rural areas will provide cultivable land which will furnish practical learning experience with the objective

of production. Regarding the non-rural schools receiving Project support, these will be provided with the means of access to facilities necessary for students to obtain practical learning experiences through the application of their skills in the actual working environment.

- 2.2 Sub-project 2 will be the transformation of the traditional educator training system in the normal schools to a training program through an Educator Training and Educational Development Center by:
  - 2.2.1 Providing to the General Directorate of Educator Training of the MOE resources for workshops, seminars, technical cooperation, training and essential equipment and materials to equip the training program in an Educator Training and Educational Development Center in Santiago, Veraguas Province. Administrative, logistical and training support will be furnished under this Sub-project to establish interdisciplinary teams to conduct workshops and seminars for educators throughout the year. The Center will have:
    - (1) a professional training staff of approximately 100 permanent administrative and teaching personnel and additional personnel as necessary for specific assignments as instructors in educator training during the period of

transformation of the educator training system (it is estimated that this will take up to five years); (2) an in-service training program with the resources necessary to train, retrain or upgrade annually approximately 2,500 educators of the General Basic Education Subsystem; (3) various types of training programs for new educators of the agriculture and industrial arts curriculum and for all educators who are teaching in the educational system but who are not certified to teach in the General Basic Education Subsystem, and (4) a system of continuous evaluation of all categories of educators, to determine the effectiveness of the Educator Training Program.

2.2.2 Constructing and remodeling of the educator training installations in Santiago, Veraguas Province, and furnishing essential equipment for the establishment of the Educator Training and Educational Development Center with a capacity of 4,000 students. In addition to existing facilities, the Center will have: (1) dormitory facilities for 400 male students; (2) a shop for production of educational materials; (3) an educational experimentation and research center; (4) a print shop and printing equipment; (5) a library and documentation center; (6)

one workshop with agricultural equipment; (7) one industrial production workshop; (8) one multi-purpose laboratory with essential equipment; (9) modified classrooms; (10) library, laboratory, shop, classroom, cafeteria, laundry and dormitory furniture, materials and equipment; and (11) vehicles for transportation.

2.2.3 Constructing workshop facilities and providing essential equipment for up to two small industrial arts or general shops and other installations and equipment necessary for the transformation of a second educator training center in the country.

2.2.4 Providing essential resources to diversify and regionalize the educational seminars and workshops which will be offered for educators of the general education system of the country.

2.3 Sub-project 3 will be the development of a National Polytechnic System able to help meet in a flexible manner the changing technical manpower needs of the country in the applied technical and industrial fields by:

2.3.1 Providing Polytechnic personnel technical cooperation and training in such fields as manpower needs assessment, job performance analysis and programming.

- 2.3.2 Providing Polytechnic administrative and technical personnel opportunities for observation tours, attendance at seminars and workshops at technical institutes and/or other agencies or institutions both in Panama and other countries in order to develop a technical-professional program for middle-level technicians to meet national manpower needs and job training requirements.
- 2.3.3 Providing the Polytechnic technical cooperation and training including workshops and seminars for the evaluation of instructional systems in order to develop an organizational plan and delineate administrative and operational procedures to improve planning, programming, budgeting and evaluation systems of the Polytechnic, so that it may be an institution capable of renewal and adaptation to changing conditions.
- 2.3.4 Providing the Polytechnic teaching staff technical cooperation and training, through workshops, seminars and other appropriate activities, for teaching in the priority fields of industry and applied technology and to remodel present courses according to the principles of competency-based education, adapting where appropriate, printed and other types of educational materials.

- 2.3.5 Providing the Polytechnic technical cooperation and other resources for design and effective utilization of learning resources centers and for the adequate implementation of industrial education.
- 2.3.6 Providing the Polytechnic, for the purpose of developing and introducing a functional program for training teaching staff, technical cooperation and training, both long and short term, including workshops and seminars in (1) organization and staff training; (2) development of a training program; (3) curriculum evaluation; (4) program design for upgrading in-service educators; (5) professional guidance, and (6) development of a system of help to graduates for their placement and of follow-up to get information concerning the results experienced.
- 2.3.7 Constructing and/or modifying the installations of the main location of the Polytechnic in Panama City and of its extension in another area of the country, with the flexibility necessary to extend and regionalize its field of activity in accordance with the changing social, industrial and technological needs of the country.

2.3.8 Providing essential furniture, specialized equipment and educational materials for the classrooms, laboratories and workshops of this sub-project.

2.4 Sub-project 4 will consist of the establishment of a Center for the Development of the National Capacity in Research by:

2.4.1 Establishing with the University of Panama a Center for the Development of the National Capacity in Research which will have the responsibility for carrying out applied research projects for agencies of the government and the private sector. Preference will be given to those programs which promise to be of benefit to national development. The Ministry of Education, for the purpose of improving the efficiency and effectiveness of its programs, will make agreements with the Center for the utilization of the services of the Center in research, development and evaluation activities.

2.4.2 Providing technical cooperation and training, including seminars and observation tours, in order to develop the capacity of the Center for the design of research, implementation of analytical techniques, for administration and for the management, implementation and evaluation of

research projects.

- 2.4.3 Providing the Center with resources for technical and scientific documentation including indispensable specialized furniture and equipment.
- 2.4.4 Providing the Center with funds to cover initial costs of operation so that it may obtain earnings for services rendered to the public and private sectors to cover operational expenses.
- 2.4.5 Providing to the Ministry of Education, through the National Directorate of Planning and Educational Reform, funds for research and evaluation activities the MOE wishes to carry out and to underwrite the costs of developing innovative or experimental educational projects.
- 2.4.6 No less than fifty thousand dollars of the funds provided to the MOE under this loan will be reserved for evaluation of the Project.

1. Project Management:

The administration of the Project will be within the regular operating structure of the Ministry of Education, as follows:

- 3.1 The National Directorate of Planning and Educational Reform will have primary responsibility for planning and programming the Loan inputs and the counterpart of the Government of Panama, and for ensuring prompt implemen-

tation and evaluation by responsible departments within the Ministry of Education.

- 3.2 Fiscal control, accounting, audit and administrative functions will be the responsibility of the National Directorate of Administration and Finance of the MOE, the Chief Officer of which shall be the Administrator of the Project.
- 3.3 The Minister of Education shall be responsible for the overall Project implementation and will designate the Coordination of the Project as an integral part of the National Directorate of Administration and Finance, the functions of which will include the coordination of Project activities with each of the offices of the MOE and those others which may be connected with the implementation of the Project.
- 3.4 The Minister of Education will appoint and preside over a Project Implementation Committee, which will include representatives of each office of the Ministry of Education responsible for programs related to this Project as well as representatives of other institutions of the Government of Panama which may be directly related to its nature and implementation.

This Committee will be responsible for the coordination of the elements related to the Project with the proposed program to be financed by the Inter-American Development Bank (IDB) and with other related programs financed by other agencies or institutions.

- 3.5 The Project may provide technical cooperation and training of personnel responsible for the Project in management, planning and evaluation of projects and programs. The funds for this purpose may be obtained from the budgets for technical cooperation and training of the sub-projects.

4. Financial Plan:

The cost of the Project will be financed as follows:

	<u>Lender</u>	<u>Borrower</u>	<u>Total</u>
	(In thousands of \$/B/.)		
<u>I. General Basic Education</u> <u>(Grades 1-9)</u>			
A. Land/Property Rights	---	550	550
B. Physical Facilities			
(1) Construction/Modification	3,400	2,250	5,650
(2) Architectural and Engineering Services	200	400	600
(3) Furniture, Equipment, Machinery and Educational Materials	2,535	1,150	3,685
(4) Maintenance	---	150	150
C. Technical Cooperation and Training	300	35	335
D. Community Contribution	---	1,250	1,250
E. Administrative and Logistical Support	---	110	110
	<hr/>	<hr/>	<hr/>
TOTAL	6,435	5,895	12,330

II. Teacher Training and Educational Development Center

A. Land/Property Rights	---	120	120
B. Physical Facilities			
(1) Construction/Modification	520	320	840
(2) Architectural and Engineering Services	---	100	100
(3) Furniture, Equipment, Machinery and Educational Materials	650	240	890
C. Technical Cooperation and Training	590	310	900
D. Administrative and Logistical Support	<u>---</u>	<u>110</u>	<u>110</u>
TOTAL	1,760	1,200	2,960

III. National Polytechnic System

A. Land/Property Rights	---	440	440
B. Physical Facilities			
(1) Construction/Modification	1,150	730	1,880
(2) Architectural and Engineering Services	---	80	80
(3) Furniture, Equipment, Machinery and Educational Materials	680	420	1,100
C. Technical Cooperation and Training	<u>550</u>	<u>220</u>	<u>770</u>
TOTAL	2,380	1,890	4,270

IV. Center for the Development of the  
National Capacity in Research

A. Furniture, Equipment and Educational Materials	25	15	40
B. Initial Costs of Operation	90	--	90
C. Research and Evaluation Fund (MOE)	300	80	380
D. Technical Cooperation and Training	10	75	85
E. Administrative and Logistical Support	<u>--</u>	<u>135</u>	<u>135</u>
TOTAL	<u>425</u>	<u>305</u>	<u>730</u>
GRAND TOTAL	<u>11,000</u>	<u>9,290</u>	<u>20,290</u>
PERCENTAGES	<u>54.2</u>	<u>45.8</u>	<u>100</u>



PPT FORM

<b>Country:</b> Panama	<b>Project No:</b> 525-V-043	<b>Project Title:</b> Education Sector Loan II	<b>Date:</b> 9/30/76	<b>/X / Original</b> <b>/ / Revision #</b>	<b>Approved:</b> <i>GLD</i>
<b><u>CPI DESCRIPTION</u></b>					
<b><u>Sub-Project 1: Transformation and Development of General Basic Education (Grades 1-9)</u></b>			<b><u>Sub-Project 2: Transformation of Traditional Educator Training System</u></b>		
1	11/76	School Maintenance Plan Approved	2.1	1/77	In-Service Educator Training Program Operational
1.2	4/77	School Construction Begun	2.2	6/77	System for Continuous Evaluation of Educator Training Program Established
1.3	5/77	Initial Orders for School Equipment and Materials	2.3	10/77	Begin Construction and Equipping of Educational Development Center
1.4	5/78	MOE Print Center Equipment and Materials Delivered	2.4	3/79	Construction and Equipping of Educational Development Center Completed
1.5	6/78	New Curriculum Programs Developed and Introduced into Selected Schools	2.5	4/79	Diversified Curriculum Including Training in Agriculture and Industrial Arts Being Utilized in EDC for New Educators and for In-Service Training
1.6	9/78	All School Construction Underway and Educational Equipment and Materials Ordered	<b><u>Sub-Project 3: Development of a National Polytechnic System</u></b>		
1.7	10/78	Specialized Curriculum Library Equipped and Staffed	3.1	4/77	Technical Assistance Contracted
1.8	3/79	All School Construction Completed and School Equipment and Materials in Place	3.2	10/77	Polytechnic Construction Begun
1.9	4/79	Transformed Curriculum Operational in at least 30 General Basic Cycle Schools	3.3	11/77	Specialized Equipment Lists Developed
			3.4	1/78	Specialized Equipment Ordered

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PPT FORM

Country: Panama	Project No: 525-V-043	Project Title: Education Sector Loan II	Date: 9/30/76	/ X/ Original / / Revision #	App'd: <i>DB</i>
<p><u>CPI DESCRIPTION</u></p> <p>3.5 3/79 Polytechnic Construction Completed and Specialized Equipment in Place</p> <p>3.6 4/79 Polytechnic Operating on the Basis of Competency Based Curriculum</p> <p><u>Sub-Project 4: Establishment of a National Research Center</u></p> <p>4.1 6/77 Research Center Organized and Operational</p> <p>4.2 9/77 Initial Undertaking of MOE Financed Research/Evaluation Projects</p> <p>4.3 4/79 Research Center Functioning on Self-Sustaining Basis</p> <p><u>5. - General Project Indicators</u></p> <p>5.1 10/76 Disbursement Begun</p> <p>5.2 10/77 Annual Loan Review</p> <p>5.3 9/78 Terminal Commitment of Loan Resources</p> <p>5.4 10/78 Annual Loan Review</p> <p>5.5 3/79 Terminal Disbursement of Loan Resources</p> <p>5.6 6/79 Post Loan Action - MOE Evaluation</p>			<p>of Completed Project and Loan Completion Report Submitted</p>		

HB 3, App 36, Part I

PD-ADB-281-G

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AID 1960-1 (2-77)

DEPARTMENT OF STATE  
AGENCY FOR  
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION  
ORDER/TECHNICAL  
SERVICES

1. Cooperating Country  
Panama

2. PIOT No.  
525-179-3-60059

3. Project/Activity No. and Title  
025-20-000-178  
EDUCATION SECTOR LOAN II (525-V-049)  
Technical Advisor/Consultant in School  
Administration

4. Appropriation Symbol  
12-11X1025

5. A. A. - Allotment Symbol and Source  
425-65-525-00-60-61

6. B. Funds Allotted to:  
 A.I.D.  Mission

7. Obligation Status  
525-V-049

8. Funding Period (Mo., Day, Yr.)  
From \_\_\_\_\_ To 12 months

9. A. Administrative Requirement  
 Administrative Requirement  Informational Purpose

10. A. Services to Host (Mo., Day, Yr.)  
Determine July 1, 1976 September 15, 1976

11. Completion Date of Services  
September 15, 1977

12. A. Type of Action  
 A.I.D. Contract  Cooperating Country Contract  Participating Agency Saving Agreement  Other

13. B. Authorized Agent

USAID/Panama

Estimated Planning		(1)	(2)	(3)	(4)
		Working Year	Fiscal Year	Amount	Total Cost
11.					
11.	Amount A.I.D. Place, Mo.			\$36,000	
12.	Cooperating Country Contributions				

13. Mission Reference

14. Information to Authorized Agent

In accordance with the Ministry's request, the authorized agent is requested to execute a contract with a qualified firm or individual to perform the scope of work described in Blocks 19 A. and B. below.

An illustrative budget is attached.

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15. Clearances - Show Office Symbol, Signature and Date for all Necessary Clearances.

A. The specifications in the scope of work are technically adequate  
EDU: RGreene *RG*

B. Funds for the activities requested are available  
CONT: WBNaylor *WBNaylor*

C. The scope of work lies within the review of the planning and approved Agency Program  
ODP: HIZak *HIZak*

D. SUPPLY/CONTRACT: P. *P. [Signature]*

E. DD: GRublee *GRublee*

F. AD: BChapnick *BChapnick*

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to  
*[Signature]*

17. For the Agency for International Development  
*[Signature]*

18. Date of Month  
6/30/76

Signature and date: *[Signature]*  
Title: Minister of Education

Signature: *[Signature]*  
Title: Director, USAID/Panama

Ahood-Greene letter No. DA-128 dated May 17, 1976.

APR 1981 10-70	Cooperating Country <b>PANAMA</b>	PIO/T No. <b>525-179-9-00059</b>	Page 2 of 7 Pages
PIO/T	Project/Activity No. and Title <b>525-26-690-179 EDUCATION SECTOR LOAN II (525-V-043) Technical Advisor/Consultant in School Administration</b>		

COVER OF DRAW

**B. Scope of Technical Services**

A. Objective for which the Technical Services are to be used: To assist the Ministry of Education (MOE) in the modernization, restructuring and reorientation of educational programs at all levels within the formal and non-formal educational system.

B. Description

For a period of 12 months the Contractor will work as a technical advisor/consultant in the National Directorate of Administration and Finance of the MOE.

The Contractor's responsibilities will include the following functions and activities within the context of the regular MOE operational organization:

1. Advising the MOE administrative and technical personnel as professionally appropriate concerning the administration of educational programs and projects. More specifically, the Contractor's primary responsibility will be with the Basic Cycle Sub-system, but will include as well the primary, secondary, vocational and non-formal projects to the extent they overlap or coincide with the Loan II, 525-V-043 sub-projects in the basic cycle or are loan sponsored activities in their own right.

(continued on page 3)

C. Technical Data

(1) (a) Number	(b) Specialized Field	(c) Grade and Age Factor	(d) Duration
1	School Administration	\$29,800 p.a.	12 ann months

(2) Duty: Place and Duration of Technical Services

Panama City and other areas in Panama as requested.

(3) Language Requirements

Fluency in Spanish required (approximately R-3; S-3)

(4) Access to Classified Information

None required

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(5) Dependents  Will  Will Not  No Permission to Accompany Technicians

D. Financing of Technical Services

(1) By AID - \$36,000

(2) By Cooperating Country - \$394,000

Agency ID/ID	Cooperating Country Panama	PIO/T No. 525-179-3-60089	Page 2 of 7 Pages
PIO/T	Project/Activity No. and Title 525-26-690-179 EDUCATION SECTOR LOAN II (525-V-043) Technical Advisor/Consultant in School Administration		

20. Equipment and Supplies (Listed in the services described in Block 19 and to be procured outside the Cooperating Country by the supplier of those services)

A. (1) Quantity (2) Description

(3) Estimated Cost

(4) Special Instructions

None

B. Financing of Equipment and Supplies

(1) By AID ... 3

(2) By Cooperating Country ...

21. Special Provisions

- A. This PIO/T is subject to AID (procurement) ~~REGULATIONS~~ regulations.
- B. Except as specifically authorized by AID, or this PIO/T is authorized under the terms of a purchase order with a U.S. supplier, contracts awarded under this PIO/T must be obtained from a U.S. source.
- C. Except as specifically authorized by AID, the purchase of commodities authorized under this PIO/T will be shipped to the U.S. under Geographic Code 000.
- D. ~~Other (specify)~~ Geographic source provision of Loan 525-V-043 applicable to this PIO/T.

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AID 1286-1 (9-76)	Cooperating Country <b>Panama</b>	PROJECT No. <b>525-179-3-60059</b>	Page 4 of 7 Pages
PIO/T	Project/Activity No. and Title <b>525-26-690-179 EDUCATION SECTOR LOAN II (525-V-043)</b> <b>Technical Advisor/Consultant in School Administration</b>		

22. Reports by Contractor or Participating Agency (Indicate type, content and format of reports required, including drawings to be used if other than English, frequency or timing of reports, and any special requirements.)

MOE and/or USAID/Panama request special reports during the Contractor's period of service.

Background Information (Additional Information useful to Authorized Agent and Participating Contractor in Participating Agency; if necessary cross reference Block 19.C.(1) above.)

The Minister of Education has requested that Dr. Claude C. Boyd be contracted for a period of twelve months as an Educational Consultant in School Administration to perform the work described in Block 19.B. (above). The Minister's request was based on Dr. Boyd's previous experience as an advisor under Loan No. 525-1-036.

It is recommended that a contract be negotiated with Dr. Boyd because of the high professional quality of the work he has performed in the past with MOE.

24. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationship and Responsibilities

Contractor will be under the operational and administrative control of the Minister of Education or his designee.

B. Cooperating Country Liaison Official

National Director of Administration and Finance of the Ministry of Education, Republic of Panama.

C. AID Liaison Official

Chief of the Education Sector - USAID/Panama - will be the Senior Liaison Official.

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C. Contents

B. Additional Facilities Available From Other Sources

Item No.	Description	Cooperating Country	AID	In Kind	From Local Country
111	Office Space	X			
112	Office Equipment	X			
113	Heating and Ventilation				
114	Furniture				
115	Household Equipment (Refrigerator, Radio, etc.)				
116	Transportation in Cooperating Country	X			
117	Interpreter Services	X			
118	Secretarial Services	X			
119					
120					
121					
122					
123					
124					
125					

A. Specific Items (Items "X" in right-hand column and underlined below) are needed for logistic support. In C. "Contents".

LOGISTIC SUPPORT

AID 1350-1 (9-70)	Project/Activity Title and Title: 525-26-690-179 EDUCATION SECTOR LOAH II (525-V-043)	Page 5 of 7 Pages
Cooperating Country	Pattern: 525-179-1-00099	Project No.

Technical Advisor/Consultant in School Administration

AID 1800-1 (7-69)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Workshop <input checked="" type="checkbox"/> Seminar	PROJECT NO. <b>525-Y-043</b>
CONTRACTOR'S SYMBOL	TITLE OF FORM <b>PROJECT IMPLEMENTATION          ORDER/TECHNICAL          SERVICES</b>	1. Operating Country <b>Panama</b>	No. <b>525-Y-043-60059</b>
FORM SYMBOL  <b>PIO/T</b>		2. Effective Date	<input checked="" type="checkbox"/> Original of the
Indicate block numbers.	Use this form to complete the information required in any block of a PIO or PA/PA form.		

19) B. Description (continued)

2. Assisting as an advisor/consultant to the appropriate MOE staff in the planning, administration, implementation and evaluation of the Education Sector Loan II Project activities. This may include but not be limited to the following:

- (a) Design and assist in the implementation of a series of studies aimed at securing valid information for the purpose of improving loan administration and school operation, e.g., a study of the operational cost problem for the ciclos basicos; analysis and definition of functions for all MOE components; an in-depth research of the school maintenance problem; an analysis of the needs of the MOE Evaluation Section and the development of an Evaluation Design for the Education Sector Loan II Projects; and, a study of the loan implementation functions in relation to the on-going regular MOE administrative functions.
- (b) Draw conclusions from the above studies and make appropriate recommendations.
- (c) Assist the MOE Administrative staff in following through on feasible recommendations within the limits of possibility.

3. Advising the Ministry in the administration and coordination of activities of specialized education advisors and personal service contractors.

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CONTINUATION SHEET

FORM 100-100-100

10/T

no block

DEPARTMENT OF STATE  
AGENCY FOR  
INTERNATIONAL DEVELOPMENT

TITLE OF WORK  
PROJECT IMPLEMENTATION  
ORDER/TECHNICAL  
SERVICES

Worksheet  Issuance

PAGE 7 OF 7 PAGES

1. Cooperating Country (AF/PR)

2.a. Code No. 525-179-3-60059

2.b. Effective Date

2.c.  Original  Amendment OR No.

3. Project/Activity No. and Title 525-26-690-179  
EDUCATION SECTOR LOAN II (525-V-043) Technical Advisor/Consultant in School Administration.

Use this form to complete the information required in any block of a PID or PA/PR form.

ILLUSTRATIVE BUDGET  
(12 months)

1. Salary	\$ 30,011
2. Housing Allowance	5,176
3. Unaccompanied baggage via air and transportation of auto and HHE.	---
4. International Travel	600*
5. Other Direct Costs (including health insurance)	213*
TOTAL	\$ 36,000

\* At the end of the contract (full term) any unexpended funds in lines 5 and 6 can be paid to contractor for unreimbursed expenditures for Housing and unaccompanied air baggage, etc.

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Ministry of Education  
 Signature and Date: *[Signature]*  
 Title: Director of Educational Development  
 Date of Signature: 8/9/76

1. The purpose of this report is to provide information on the progress of the project and to recommend any further action that may be required.  
 2. The scope of the project is defined in the terms of reference.  
 3. The objectives of the project are to provide a service to the community.  
 4. The results of the project are as follows:  
 5. The conclusions are that the project has been successful in achieving its objectives.

In accordance with the Ministry's request, the authorized agent is requested to execute a contract with a qualified firm of individuals to perform the scope of work described in block 15 A and B. An alternative budget is attached.

Category	Estimated Amount	Actual Amount	Balance
Salaries	20,075	20,075	0
Travel	0	0	0
Materials	0	0	0
Other	0	0	0
<b>Total</b>	<b>20,075</b>	<b>20,075</b>	<b>0</b>

1. Project Title: **PROJECT IMPLEMENTATION**  
 2. Objectives: **RESEARCH AND DEVELOPMENT**  
 3. Budget: **20,075**  
 4. Progress Report: **20,075**  
 5. Date: **15.10.76**  
 6. Signature: **[Signature]**  
 7. Title: **[Title]**

EDMB-281-A-1  
 R. Carraway, M.A./P.A.N. Ltd.  
 280137-1



21. Special Provisions

B. Financing of Equipment and Supplies  
(1) By AID - S

(2) By Cooperating Country -

- A. This P10/T is subject to AID (contracting) ~~regulations~~ regulations.
- B. Except as specifically authorized by AID, or when local hire is authorized under the terms of a contract with a U.S. Supplier, services authorized under this P10/T must be obtained from U.S. sources.
- C. Except as specifically authorized by AID/M, the purchase of commodities authorized under this P10/T will be limited to the U.S. under Geographic Code 000.
- D. Other (specify): Geographic source provisions of Loan 525-V-043 applicable to this P10/T.

None

A. III.  Description

Equipment

Special Instructions

<p>Mr. Equipment and Supplies (checked in the previous column in Blank 1) and to be provided within the Cooperating Country by the supplier of these services.</p>	
<p>Project/Loan No. and Title 525-26-690-179 Edwards Low Generator Loan II (525-V-043)</p>	<p>P10/T</p>
<p>Cooperating Country P10/T No. 525-179-3-60810</p>	<p>Page 3 of 7 Pages</p>

PROJECT	Country/Region	Panama	PROJECT No.	525-10-090-179	Page 4 of 7 Pages
	Project Activity No. and Title	525-10-090-179		Education Sector Loan II (1984-V-0A1)	

11. Reports by Contractor or Participating Agency: Periodic reports, semi-annual reports, final report, and other reports as may be required, including language to be used if other than English, frequency of reporting of reports, and other special instructions.

MOE and/or USAID/P may request special reports during the Contractor's period of service.

12. Background Information (Additional information useful to Assistant Agent and Prospective Contractors or Participating Agency if necessary cross reference Block 12.C(4) above.)

The Minister of Education has requested that Dr. Gustavo Zakrzewski be contracted for a period of 12 months as an Educational Planning, Research & Statistics, to perform the scope of work outlined in Block 19 A & B (above). The Minister's request was based on Dr. Zakrzewski previous service to the Ministry.

14. Relationship of Contractor or Participating Agency to Country and to AID

A. Relationship and Organizational: Contractor will be under the operational and administrative control of the Minister of Education or his designee.

B. Country Official: National Director of Educational Planning and Reform, Ministry of Education.

C. AID Liaison Official: Project Manager, Education Sector Loan II.



AID 1980-17-001 CONTINUATION SHEET  FORM 870-104  TIO/T	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Drafting <input checked="" type="checkbox"/> Issued 1. Composing Center PARARA 2. Finance Dept.  A. Project/Activity Title and Code 525-26-890-175 Education Sector Loan II (525-26-890-175)	PAGE 07 OF 08 2. Cost No.  3. Agency Use Only Approved (Original on file)
	TITLE OF WORK PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	Use this form to complete the information required in any block of a PIO or PA/PS form.	

19.

Scope of Technical Services (Continuation)

A. Objective for which the Technical Services are to be Used (Continuation)

statistical and cost/benefit data so as to be better able to identify needs and potential problems of the education system for administrative planning and action.

B. Description (Continuation)

2. Contractor will: (Continuation)

- c. Analyze future human resource development needs in order to more effectively plan educational programs at all levels and to estimate project costs of carrying them out;
- d. Study population distribution in order to plan and program school construction activities.
- e. Make cost/benefit studies of specific aspects of the educational development program;
- f. Conduct seminars or lectures on various technical and methodological aspects of educational planning.

AID 1300-1 (7-69) CONTINUATION SHEET FORM SYMBOL PIO/T	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT  TITLE OF FORM PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	<input type="checkbox"/> Worksheet	<input checked="" type="checkbox"/> Issuance	PAGE <u>7</u> OF <u>7</u> PAGES
		1. Cooperating Country Panama		2.a. Code No.
		2.b. Effective Date		2.c. <input checked="" type="checkbox"/> Original OR No. <u>        </u>
		3. Project/Activity No. and Title 525-26-690-179 Education Sector Loan II (525-V-043)		

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PA/PR form.

ILLUSTRATIVE BUDGET - PIO/T Dr. Gustavo Zakrzewski

1.	Annual Salary	\$30,025
2.	Travel and Transportation	
	a. International (Santo Domingo-Panama and return)	750
	b. Transportation of unaccompanied baggage	900
3.	Housing Allowance	2,700
4.	Other direct cost (Physical examination, visa, passport, immunization)	500
		<hr/>
	TOTAL	<u><u>\$34,875</u></u>