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A.I.D. Loan Number 514-L-066

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ALLIANCE FOR PROGRESS

LOAN AGREEMENT

(COLOMBIA - EDUCATION SECTOR LOAN IV)

Between the

REPUBLIC OF COLOMBIA

the

MINISTRY OF EDUCATION

the

NATIONAL PLANNING DEPARTMENT

and the

UNITED STATES OF AMERICA

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INTERNATIONAL
LOAN BRANCH

Dated: July 13, 1972

CONFIRMED COPY
1973

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4/2/73
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ALLIANCE FOR PROGRESS

LOAN AGREEMENT

(Colombia - Education Sector Loan)

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ANNEX I

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L O A N A G R E E M E N T dated July 13, 1972
between the REPUBLIC OF COLOMBIA ("Borrower"), the MINISTRY OF
EDUCATION, the NATIONAL PLANNING DEPARTMENT, and the UNITED STATES
OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT
("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. A.I.D. agrees to lend to the Borrower,
in furtherance of the Alliance for Progress and pursuant to the Foreign
Assistance Act of 1961, as amended, an amount not to exceed twenty
million, five hundred thousand United States dollars (\$20,500,000)
("Loan") to assist the Borrower in carrying out the Program referred
to in Section 1.02 ("Program"). The Loan shall be used exclusively
to finance United States dollar costs of goods and services required
for the Program ("Dollar Costs") and local currency costs of goods
and services required for the Program ("Local Currency Costs"). The
aggregate amount of disbursements under the Loan is hereinafter referred
to as "Principal".

SECTION 1.02. The Program. The Loan is made to aid Borrower
in carrying out its educational reform program by (i) assisting it
in financing the Dollar Costs of participant training and (ii) assisting
it in its efforts to continue and to strengthen programs started
under the 1969 through 1971 Education Sector Loans and to support
initiatives in the following areas: (a) expansion and improvement of

rural primary education; (b) development and upgrading of faculties of education and normal schools to produce larger numbers of well-trained graduates to satisfy projected teaching needs; (c) enlargement of individual educational opportunities by provision of additional education credit to students; (d) augmentation of Borrower's capability to provide specialized high level training outside of Colombia; (e) strengthening of educational management and increased cost effectiveness of the system through improvement of administration at national and regional levels; (f) extension of secondary education reform by encouraging diversified education; (g) encouragement of the integration of Colombia's universities.

Funds made available under this Loan shall assist in financing (a) the Local Currency Costs of (i) the Ministry of Education in the amount of approximately two million, one hundred and forty-two thousand eight hundred and fifty United States dollars (\$2,142,850) equivalent, (ii) the education research institute (ICOLPE) in the amount of approximately four hundred and forty-one thousand, two hundred United States dollars (\$441,200) equivalent, (iii) the school construction institute (ICCE) in the amount of approximately nine million five hundred and ninety-two thousand four hundred United States dollars (\$9,592,400) equivalent, (iv) the higher education development institute (ICFES) in the amount of approximately five million one hundred and forty-two thousand eight hundred and fifty

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United States dollars (\$5,142,850) equivalent, (v) the education credit institute (ICETEX) in the amount of approximately one million six hundred and eighty thousand seven hundred United States dollars (\$1,680,700) equivalent, and (b) the United States dollar costs of participant training in the amount of approximately one million, five hundred thousand United States dollars (\$1,500,000).

Nothing provided herein shall be deemed to prohibit the Borrower from assigning a function or activity presently vested in a particular sub-implementing agency under the provisions of Annex I to another sub-implementing agency or other suitable entity, and requesting an appropriate adjustment by A.I.D. of the amounts set forth in the second paragraph of this Section 1.02. It is understood, however, that approval by A.I.D. shall be on the basis of evidence showing that the proposed agency or entity possesses the capacity to administer properly the funds to be provided, and further, that the funds will be used by the proposed agency or entity to carry out the function or activity specified in accordance with the purposes of this Agreement, and further, that appropriate corresponding adjustments in Borrower resources will be made.

The Program is more fully described in Annex I, attached hereto, which Annex may be modified in writing. The procedures for securing goods and services to be financed under the Loan shall be described in the implementation letters referred to in Section 9.03 ("Implementation Letters").

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SECTION 1.03. Implementing and Sub-Implementing Agencies.

The Borrower hereby designates the Ministry of Education ("MINED") as its implementing agency ("Implementing Agency") for purposes of carrying out the overall Program. The MINED hereby designates the following autonomous agencies as sub-implementing agencies ("Sub-Implementing Agencies"): Colombian Institute for School Construction, ("ICCE"), Colombian Institute for the Development of Higher Education ("ICFES"), Colombian Institute for Educational Research ("ICOLPE"), and the Colombian Institute for Educational Credit ("ICETEX"), for purposes of effectuating the various aspects of the Program, as more fully described in Annex I.

In addition, the parties hereto recognize that the National Planning Department ("DNP") is accorded by law certain functions with respect to the planning, management, control and evaluation of public investment funds in Colombia. Accordingly, since all local currency to be made available under the Loan is to be authorized for use by the Implementing and Sub-implementing Agencies through the Government of Colombia's investment budget, the DNP hereby undertakes to exercise its responsibilities so as to further the successful execution of the Program. To this effect the DNP shall give approval to the modifications requested by the Implementing or Sub-implementing agencies of the programs financed under this Loan.

SECTION 1.04. Use of Funds Generated by Other United States Assistance. The Borrower shall use for the Program, in lieu of any United States dollars that would otherwise be disbursed under the Loan to finance the Local Currency Costs of the Program, any currencies other than United States dollars that may become available to the Borrower after the date of this Agreement in connection with assistance (other than the Loan) provided by the United States of America to the Borrower to the extent and for the purposes that A.I.D. and the Borrower may agree in writing. Any such funds used for the Program shall reduce the amount of the Loan (to the extent that it shall not then have been disbursed) by an equivalent amount of United States dollars computed, as of the date of the agreement between A.I.D. and the Borrower as to the use of such funds, at the rate of exchange in effect on the date on which the funds become available.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. 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 7.04), 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 A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay to A.I.D. 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 ($9\frac{1}{2}$) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. 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 Payment.

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 A.I.D. may otherwise agree in writing, all such payments shall be made to the Agency for International Development, Cashier, FER/CONT, Washington, D.C. 20523, and shall be deemed made when received by A.I.D. at this address.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, on any date on which interest is due, all or any part of the Principal. Any such prepayment shall be applied in the order prescribed in Section 2.03 and, to the extent applied to Principal, shall be applied pro rata to the remaining installments thereof.

SECTION 2.05. Renegotiation of the Terms of the Loan. In the light of the undertakings of the United States of America, and the other signatories of the Act of Bogotá and the Charter of Punta del Este to forge an Alliance for Progress, the Borrower agrees to negotiate with A.I.D., concerning an acceleration of the repayment of Principal at any time or from time to time as A.I.D. or the Borrower may request; provided, however, that no such request under this Section shall be made prior to six (6) months before the date the first installment of Principal is payable under Section 2.02.

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The parties hereto shall mutually determine whether such an acceleration shall take place on the basis of the following criteria:

(1) The capacity of Borrower to service a more rapid liquidation of its obligations in the light of the internal and external financial position of Colombia, taking into account debts owing to any agency of the United States of America, or to any international organization of which the United States of America is a member; and

(ii) The relative capital requirements of Borrower and of the other signatories of the Act of Bogotá and the Charter of Punta del Este.

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ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Release of Loan Funds. Upon satisfaction of conditions precedent (but not earlier than January 1, 1973), and upon request by Borrower indicating need, A.I.D. will make available from Loan funds the following initial advances for Local Currency Costs to the nearest one thousand dollar equivalent for use by the Implementing and Sub-Implementing Agencies for the purposes specified in Annex I hereto:

	<u>Millions of Pesos</u>
MINED	7.65
ICCE	34.25
ICFES	18.36
ICOLPE	1.57
ICETEX	6.00

Subsequent disbursements for Local Currency Costs, which will also be in the form of advances, will be made upon request of the borrower or MINED. These requests shall be stated in terms of the needs of individual Implementing or Sub-Implementing Agencies and should be received by A.I.D. not less than thirty (30) days prior to date on which disbursement is required.

Each request for disbursement shall be accompanied by a statement for the Implementing or Sub-Implementing Agency or Agencies in question showing for each:

(1) the information listed in items (a), (b), and (c) of Section 4.10;

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(ii) a narrative statement, pursuant to Section 4.10 (g), on progress made by the Sub-Implementing Agency in carrying out the Program;

(iii) a statement of work expected to be accomplished during the period of time during which the requested disbursement is to be expended;

(iv) other anticipated financial resources for the Program during this period, and

(v) a justification for the amount requested in terms of the needs of the Program.

A.I.D. has furnished, pursuant to A.I.D. Loan No. 514-L-065, dated August 19, 1971, for use by the Implementing and Sub-Implementing Agencies, Implementation Letters detailing the nature of the information to be provided and criteria for demonstrating need. The procedures and materials set forth therein, as they may be modified from time to time, will remain in effect for this loan.

A.I.D. reserves the right to disburse the full amount requested, or any portion thereof, pursuant to its evaluation of the progress of the Program.

SECTION 3.02. Conditions Precedent to Initial Disbursement of Loan Funds in 1973. Prior to any disbursement under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

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(a) An opinion or opinions of the Legal Advisor to the President of the Republic, or of other counsel satisfactory to A.I.D., demonstrating that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Borrower, the MINED, and the DNP, and constitutes a valid and binding obligation of Borrower, the MINED, and the DNP, in accordance with its terms; and

(b) Evidence of the authority of the person or persons who will act as representative or representatives of Borrower, the MINED, and the DNP pursuant to Section 9.02 together with a specimen signature of each such person duly certified as to its authenticity.

(c) Evidence that the Borrower has completely disbursed all peso funds generated under A.I.D. Loan No. 514-L-065, dated August 19, 1971, to the Implementing Agency and each of the Sub-Implementing Agencies designated in the Loan. N.
H.

SECTION 3.03. Condition Precedent to Disbursement for use by ICETEX. Prior to any disbursement pursuant to Section 7.01 of the Loan for use by ICETEX to pay the Dollar costs of participant training the Borrower shall furnish, or cause to be furnished to A.I.D., in form and substance satisfactory to A.I.D., a plan of operations for the management of the participant training program, which plan shall include (i) an apportionment of the A.I.D. funds by sector and type of training to be financed in each, (ii) time-phased commitment

and expenditure estimates, and (iii) procedures for selecting, managing and supervising participants.

SECTION 3.04. Terminal Dates for Meeting Conditions Precedent to Disbursement. (a) If all of the conditions specified in Section 3.02 (a) and (b) shall not have been met within thirty (30) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by 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 Section 3.02 (c) and 3.03 shall not have been met on or before June 30, 1973, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan 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. A.I.D. shall notify the Borrower within thirty (30) days of the receipt of documents submitted in satisfaction of Section 3.02 and 3.03 whether A.I.D. has determined that the various conditions precedent to disbursement have been met.

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ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Program. The Borrower, through the MINED, shall carry out the Program with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, and educational practices, and also in accordance with all of the relevant plans, specifications, contracts, schedules, and other arrangements including all modifications therein.

In this connection, the Borrower shall cause the Sub-Implementing Agencies at all time to employ suitably qualified and competent construction contractors to carry out construction subprojects, and shall employ suitably qualified and experienced consultants, where appropriate, in connection with the Program set forth in Annex I to be professionally responsible for the planning and execution of the Program.

A.I.D. reserves the right upon notifying the Borrower and the MINED to review such plans, specifications, contracts, schedules, and other documents related to the Program, as may be appropriate.

SECTION 4.02. Funds and Other Resources to be Provided by Borrower. The Borrower shall provide or cause to be provided promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Program.

SECTION 4.03. Continuing Consultation. The Borrower, the MINED, the DNP, and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower, the MINED,

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the DNP, and A.I.D. shall from time to time, at the request of any party, exchange views through their representatives with regard to the progress of the Program, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Program, and other matters relating to the Program.

SECTION 4.04. Management. The Borrower through the MINED and the Sub-Implementing Agencies shall provide qualified and experienced management for the Program, and shall train such staff as may be appropriate for the organization, development, maintenance and operation of the Program.

SECTION 4.05. Operation and Maintenance. The Borrower shall operate, maintain, and repair the facilities constructed and equipment procured under the Program in conformity with sound engineering, financial, administrative, and educational practices, and in such manner as to insure the continuing and successful achievement of the purposes of the Program.

SECTION 4.06. Taxation. 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 deduction for and free from any taxation or fees imposed under the laws in effect within the country of the Borrower.

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SECTION 4.07. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Program, except as A.I.D. may otherwise agree in writing. Upon completion of the Program, or at such other time as goods financed under the Program can no longer usefully be employed for the Program, the Borrower may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such use or disposition.

(b) Except as A.I.D. 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 and the MINED represent and warrant that all facts and circumstances that they have disclosed or cause to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that they have disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Program and the discharge of their obligations under this Agreement. The Borrower and the MINED shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Program or the

discharge of the Borrower's or the MINED's obligations under this Agreement.

SECTION 4.09. Commissions, Fees, and Other Payments.

(a) The Borrower and MINED warrant and covenant that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, they have not paid, and will not pay or agree to pay, not to the best of their knowledge had 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 the Borrower's or the MINED's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower and the MINED shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical or comparable services to which they are parties or of which they have 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 A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower and the MINED warrant and covenant that no payments have been or will be received by the Borrower or the MINED or any official of the Borrower or the MINED in connection with the procurement of goods and services financed hereunder, except commissions, fees, taxes, or similar payments legally established in the country of the Borrower.

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

(a) disbursements of Borrower's contribution to MINED and to the Sub-Implementing Agencies in accordance with the provisions of Annex I;

(b) disbursements of funds made available under the Loan to the MINED and the Sub-Implementing Agencies in accordance with the provisions of Annex I;

(c) disbursements made by the Implementing Agency and each Sub-Implementing Agency of the commingled funds received in accordance with the Program;

(d) the receipt and use made of goods and services acquired with commingled funds and disbursed pursuant to this Agreement;

(e) the nature and extent of solicitations of prospective suppliers of goods and services acquired;

(f) the basis of the award of contracts and order to successful bidders; and

(g) the progress, both fiscal and qualitative, of the Program, in sufficient detail (as shall hereafter be specified in Implementation Letters) to enable A.I.D. to review requests for releases of Loan funds.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.11. Reports. The Borrower and the MINED shall furnish to A.I.D. such information and reports relating to the Loan and to the Program as A.I.D. may request.

SECTION 4.12. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Program, the utilization of all goods, facilities and services financed by Loan funds or by Borrower's contribution, and the Borrower's and the MINED's books, records, and other documents relating to the Program and the Loan. The Borrower and the MINED shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of the country of the Borrower for any purpose relating to the Loan. Prior to undertaking any inspections pursuant to the provisions of this Section, however, A.I.D. hereby undertakes to advise the Controller General of the Republic of Colombia of its intent to exercise its rights hereunder. The Borrower and the MINED shall: (a) upon request extend to A.I.D. the right to inspect the books, records and other documents of the Sub-Implementing Agencies relating to the

Program; and (b) insert, or cause to be inserted in all contracts with private entities, whether financed directly or through an intermediary under the Loan, a clause extending to A.I.D. the right to make inspections in accordance with this Section

ARTICLE V

Special Covenants and Warranties

SECTION 5.01. Budgetary Levels. The Borrower warrants and covenants that subject to necessary action by the Colombian Congress it will establish a budgetary level during 1973 in the National Budget for education (under the funds allocated to the Ministry of Education and its dependencies) of not less than four billion, three hundred million pesos (\$4,300,000,000).

SECTION 5.02. Ecological Considerations in Approval of Projects. The Borrower warrants and covenants that it shall take into account, or cause to be taken into account by the Sub-Implementing Agencies, ecological criteria, where appropriate, among other factors to be taken into consideration in approval of any specific project.

SECTION 5.03. FONADE Credit to Educational Studies. The Borrower warrants and covenants that it will use its best efforts during the disbursement period of the Loan to encourage the Fondo Nacional de Proyectos de Desarrollo (FONADE) to give favorable consideration to the financing of educationally-related studies such as those described in Annex I to this Agreement.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Qualified Worldwide Countries.

Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Program of goods and services having their source and origin in countries 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 ("Qualified Worldwide Procurement").

SECTION 6.02. Procurement from Colombia. Disbursements made

pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Program of goods and services having both their source and origin in Colombia.

SECTION 6.03. Eligibility Date. Except as A.I.D. 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 6.04. Implementation of Procurement Requirements.

The definitions applicable to the eligibility requirements of Sections 6.01 and 6.02 will be set forth in detail in Implementation Letters.

SECTION 6.05. Plans, Specifications, and Contracts. The Borrower

or the MINED shall furnish or cause to be furnished to A.I.D. upon request, all plans, specifications, construction schedules, bid documents, and contracts relating to the Program, and any modifications therein, relating to goods and services to be financed under the Loan.

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SECTION 6.06. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan. Items procured pursuant to Section 6.02 shall be procured on a fair and, except for professional services, on a competitive basis in accordance with established Colombian laws and procedures. Items procured pursuant to Section 6.01 shall be procured in accordance with procedures therefor prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Reimbursement for United States Dollar Costs.

Upon satisfaction of conditions precedent, A.I.D. shall promptly reimburse the Borrower for Dollar Costs of services procured for the Program in accordance with the terms and conditions of this Agreement upon receipt of requests for reimbursement submitted from time to time by the Borrower accompanied by such supporting documentation as A.I.D. may prescribe in Implementation Letters.

SECTION 7.02. Disbursements for Peso Costs. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of Colombian pesos for peso costs of goods and services procured or to be procured for the Program in accordance with the terms and conditions of this Agreement and as specified in Section 3.01. A.I.D. shall make such disbursements from pesos owned by the United States Government and obtained by A.I.D. with United States dollars. Unless otherwise agreed in writing by A.I.D. no disbursement shall be sought in an amount less than the equivalent of two million United States dollars (\$2,000,000). The United States dollar equivalent of the pesos made available hereunder will be the amount of United States dollars required by A.I.D. to obtain the pesos. Upon presentation of appropriate documentation, and after a determination that satisfactory progress is being made by Borrower and the MINED in carrying out the Program, A.I.D. may advance funds in order to meet the needs of the Program.

SECTION 7.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.04. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur pursuant either to Section 7.01 or to Section 7.02 on the date on which A.I.D. makes a payment to the Borrower or to its designee.

SECTION 7.05. Terminal Date for Disbursement.

(a) Except as A.I.D. may otherwise agree in writing, and other than for the financing of participant training, no disbursement shall be made against documentation received by A.I.D., or other commitment documents which may be called for by another form of disbursement under Section 7.03, after June 30, 1974. A.I.D. at its option, may at any time or times after June 30, 1974, reduce the Loan by all or any part thereof for which documentation was not received by such date. 2 TD FOR 185 UGAF DA

(b) With respect to participant training under the Loan, unless A.I.D. otherwise agrees in writing no disbursement shall be made against documentation received by A.I.D., or other commitment document which may be called for by another form of disbursement under Section 7.03, after December 31, 1974. A.I.D., at its option, may at any time or times after December 31, 1974 reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VIII

Cancellation and Suspension

SECTION 8.01. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D. and by written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse.

SECTION 8.02. 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 Program 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 A.I.D., or any of its predecessor agencies.

then A.I.D. 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 such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately.

SECTION 8.03. Suspension of Disbursement. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs that A.I.D. 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 A.I.D. would be in violation of the legislation governing A.I.D.;
- (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 agreement, 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;
- (e) Satisfactory progress is not being made in carrying out all or any part of the Program in accordance with the terms of this Agreement;

then A.I.D. may, at its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents.

SECTION 8.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 8.03, 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, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed.

SECTION 8.05. 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 8.06. 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, A.I.D., 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 A.I.D. 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 Program 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, A.I.D.'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 A.I.D. 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, A.I.D. shall first make such refund available for the cost of goods and services procured for the Program 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 8.07. Expenses of Collection. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 8.08. Nonwaiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

ARTICLE IX

Miscellaneous

SECTION 9.01. Communications. Any notice, request, document, or other communication given, made, or sent by the Borrower, the MINED, the DNP or A.I.D. 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 addresses:

TO BORROWER:

Mail Address: Ministerio de Hacienda y Crédito Público
Bogotá, Colombia

Cable Address: MINHACIENDA
Bogotá, Colombia

TO THE MINISTRY

Mail Address: Ministerio de Educación Nacional
Bogotá, Colombia

Cable Address: MINEUCACION
Bogotá, Colombia

TO THE DNP:

Mail Address: Departamento Nacional de Planeación
Bogotá, Colombia

Cable Address: PLANEACION
Bogotá, Colombia

TO A. I. D.

Mail Address: USAID Mission to Colombia
American Embassy
Bogotá, Colombia

Cable Address: AMEMBASSY
Bogotá, Colombia

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

SECTION 9.02. 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 Finance, the MINED will be represented by the individual holding or acting in the office of the Minister of Education, the DNP will be represented by the individual holding or acting in the office of the Director of the National Planning Department, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID Mission to Colombia. 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, DNP or the MINED shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower, DNP or the MINED 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 9.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement. Nothing set forth in such Letters of Implementation shall either modify or alter the terms of this Agreement.

SECTION 9.04. Promissory Notes. At such time or times as A.I.D. 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 A.I.D. may reasonably request.

SECTION 9.05. Successors to Rights of A.I.D. If, by operation of any law of the United States, or by virtue of assignment, any corporate or other agency of the United States Government succeeds to the rights and obligations of A.I.D. under this Agreement, such agency shall be deemed to be A.I.D. for purposes of this Agreement.

SECTION 9.06. Effective Date of Agreement. This Agreement shall enter into effect on the day and year first above written.

SECTION 9.07. 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 A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, Borrower, MINED, the DNP, and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written;

THE GOVERNMENT OF THE REPUBLIC OF COLOMBIA

By /s/ Rodrigo Llorente

Title: Minister of Finance and Public Credit

THE MINISTRY OF EDUCATION

By /s/ Juan Jacobo Muñoz

Title: Minister of Education

THE NATIONAL PLANNING DEPARTMENT

By /s/ Roberto Arenas Bonilla

Title: Director of National Planning
Department

UNITED STATES OF AMERICA

By /s/ Leonard Saccio

Title: Ambassador of the United States of
America to Colombia

By /s/ Marvin Weissman

Title: Director of USAID Mission to
Colombia

C/O

ANNEX I

Description of Program

I. Background and Objectives

The Government of Colombia has undertaken, and will continue during 1973, an expanded educational development program designed to accomplish the goals and objectives outlined in Document DNP-728-URH-DE dated April 3, 1971, as revised October 4, 1971, and DNP-864-URH dated April 10, 1972. Those goals and objectives are listed below.

A. Expansion and Improvement of Basic (Primary) Education

This program consists principally of construction of additional primary classrooms (particularly in rural areas), establishment of rural development school centers, gradual introduction of modified curriculum, and provision of numbers of qualified teaching personnel to staff adequately the additional facilities.

B. Expansion and Improvement of Comprehensive Secondary Education

This program consists principally of: (a) supporting extension and expansion of the secondary school reform program, including provision of satellite "service centers" complementing existing and projected diversified high schools (INEMs); (b) development of Colombia's faculties of education, faculties of science and improvement of normal schools in part to assure the provision of adequate numbers and quality of teachers and administrative personnel to support the extension and expansion of secondary school reform, and (c) expansion of post-secondary technical education, to achieve the improvement and better integration of this level with the secondary school reform program.

C. Integration of Colombian Universities

This program consists principally of the development of bases for regional integration, improvement of individual institutions and development and implementation of regional integration programs.

D. Improvement of the Management of Education

This program consists principally of provision of training for education personnel and development of an increased capacity for education administration, and planning in the Ministry of Education.

Specified actions necessary to advance the above objectives during 1973 are listed in Document DNP-728-URH-DE, dated October 4, 1971. These provide the basis for the programs described herein.

II. Implementation of the Loan

The Program to be carried out in relation to this Loan will be implemented by those agencies and organizations specified in Section 1.03 of the Loan Agreement.

Subject to normal Borrower procedures, the Implementing Agency and each Sub-Implementing Agency specified in Section 1.03 of the Loan Agreement shall have the authority to make upward or downward adjustments between the targeted amounts for each of the activities managed by it with which this Program is concerned of not to exceed 10% of the total amount of commingled funds programmed for each activity. Adjustments of greater than 10% between the activities within the same Implementing or Sub-Implementing Agency shall be subject to A.I.D. approval. Any adjustment of Loan funds between the Implementing Agency and/or sub-Implementing

Agencies shall be subject to A.I.D. approval.

While the Program will be implemented by the agencies specified in the following sections of this Agreement, the ultimate success of the Program also depends on the cooperation of other entities such as autonomous universities, other ministries, departments and local communities.

For purposes of implementation of the above adjustment provisions and the Program in general, the activities of the Implementing and Sub-Implementing Agencies shall be considered as noted below:

Implementing and Sub-Implementing Agencies

1. Ministry of Education

- (a) Improvement of normal schools.
- (b) Teacher training programs.
- (c) Educational television and "capacitación popular".
- (d) Improvement of educational administration and planning.

2. ICCE

- (a) Extension of basic education opportunities in rural and urban areas.
- (b) Rural school centers construction and adaptation.
- (c) Distribution of books and educational aids.
- (d) Diversified secondary education (INEMs and Service Centers) construction and equipment.
- (e) Improvement of existing facilities in secondary schools.

3. ICFES

- (a) Development and integration of faculties of education and faculties of science.
- (b) Post-secondary technical education.
- (c) Regional university development and integration.

- (d) **TEXUM program and documentation center.**
- 4. **ICOLPE**
 - (a) Educational research.
 - (b) Textbook publication.
 - (c) Prototype instructional aids.
- 5. **ICETEX**
 - (a) Credit for students in education faculties.
 - (b) National Scholarship Fund.
 - (c) Administration of participant program.

The amount of pesos shown as Loan proceeds and designed for use by the Implementing and Sub-Implementing Agencies are approximations only, and are subject both to the dollar limitations set forth in Section 1.02 of this Agreement and those provisions governing the rate of exchange contained in Section 7.02 hereof. Moreover, pesos scheduled for disbursement in a given calendar year pursuant to the provisions of this Annex may be disbursed in subsequent calendar years in accordance with the needs of the Program.

In all cases, funds shown below as "Borrower Resources" correspond only to funds provided through the Borrower's investment budget. Other sources of income are excluded.

III. Ministry of Education

A. Financial Target

To make available for expenditure by the MINED in 1973, the following amounts, to be financed as follows:

<u>Source of Funds</u>	<u>(Millions of Pesos)</u>
Borrower	71.20
A.I.D.	51.00
	<hr/> 122.20

B. Activity Targets

This program calls for the expenditure of commingled funds in the approximate amounts shown:

	<u>(Millions of Pesos)</u>
1. Improvement of normal schools	30.00
2. In-service teacher training programs	30.00
3. Educational television and "Capacitación Popular"	19.54
4. Improvement of educational administration (national, regional, and local levels - including FERs)	16.32
5. All other	26.34
	<hr/> 122.20

C. Improvement of Normal Schools

The funds allocated for this activity are to be used to increase the qualitative and quantitative capacities of normal schools for teacher training. During 1973, the Ministry will help improve the capacities of approximately 30 existing normal schools, through provision of additional facilities, repair of dilapidated facilities and provision of additional laboratory and library equipment. Not later than December 31, 1972, the MINED will develop and provide to A.I.D. a time phase work plan, including estimated amounts to be needed at each stage for the implementation of this program.

D. In-Service Teacher Training Programs

Funds allocated to this activity will be used to continue

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providing in-service training, particularly in the techniques and content of the new basic education curriculum, for primary teachers, and in the technique and content of comprehensive education for secondary teachers. During 1973, the Ministry will provide intensive in-service training through the programs and facilities of the National Center for Educational Training (CENAPER), for approximately 40,000 teachers.

E. Educational Television

Funds allocated to this activity will be used to provide increased facilities for the use of ETV in primary and secondary classrooms. During 1973, the Ministry will purchase approximately 2,000 television receivers to equip classrooms for ETV, equip one ETV studio, provide ETV programming material, and distribute approximately 20,000 ETV teachers guides and 250,000 ETV work books.

F. Improvement of Educational Administration and Planning

Funds allocated to this activity will be used to improve the administrative and planning capability of the Ministry and other institutions of the education system. During CY-1973, the Ministry will improve the capacity of its Office of Education Administration (or INCAES, if it is established) by the purchase of additional equipment for that office. Prior to December 31, 1972, the MINED will furnish to A.I.D., for its concurrence, a schedule of the activities to be undertaken and equipment to be purchased for this program.

Funds allocated to this activity will also be used to continue the development of more effective data management and analysis. During

1973, the Ministry will improve the capacity of its Office of Planning for data management and analysis through the purchase of additional data-handling equipment for that office, including electronic data and punch card equipment by appointing qualified technical personnel and short-term consultants, and by further implementing statistical coordination between this office and the National Administrative Department of Statistics ("DANE"), in accordance with the agreement existing between the Ministry and DANE, a copy of which has been furnished to A.I.D.

Funds allocated to this activity are to be used to continue improvement and coordination of administration of departmental education activities, through improvement of the Regional Education Funds ("FER"). Recommendations are being developed, based on studies and analyses conducted by the MINED in 1972, for greater coordination of the FERs with regional offices of DANE (a copy of which will be furnished to USAID prior to December 31, 1972). During 1973, the Ministry will implement the recommendations including the purchase of additional data processing and administrative equipment for approximately 25 FERs.

C. All Other

Funds allocated to this activity will support education programs other than those previously mentioned.

IV. ICCE

A. Financial Target

To make available for expenditure by ICCE in 1973 the following amounts, to be financed as follows:

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<u>Source of Funds</u>	<u>(Millions of Pesos)</u>
Borrower	348.29
A. I. D.	228.30
Total	<u>576.59*</u>

* Excludes proposed IBRD assistance of \$142.80 (\$3094 for Rural Development Concentrations and \$111.86 for Service Centers).

B. Activity Targets

This program calls for the expenditures of commingled funds by ICCE for the activities listed, in the approximate amounts shown:

	<u>(Millions of Pesos)</u>
1. Extension of basic education opportunities in urban and rural areas	255.00
2. Rural school centers (concentraciones) construction and adaptation	64.94
3. Distribution of books and educational aids	18.79
4. Diversified secondary education (INEM and "Service Center") construction and equipment	163.77
5. Improvement of existing secondary school facilities	69.97
6. All other	4.12
Total	<u>576.59</u>

C. Extension of Basic Education Opportunities in Urban and Rural Areas

The funds allocated for this activity are to be used to continue the construction of additional classrooms in rural and urban areas. During 1973, ICCE will commence procurement of construction services and/or commence construction of at least 2,000 (of a national total of at least 4,000) add-on rural primary school classrooms. In

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urban areas, funds will be used only to continue the completion of urban schools currently offering up to the third grade (or less). During 1973, ICCE will commence procurement of construction services and/or commence construction of approximately 1,200 additional classrooms in urban areas.

D. Rural School Center Construction and Adaptation

The funds allocated for this activity are to continue the construction and adaptation of facilities for rural development centers ("concentraciones escolares"). During 1973, ICCE will complete the construction or adaptation of at least 20 such centers, including those on which work was begun during 1972.

E. Distribution of Books and Educational Aids

Funds allocated to this activity will be used to continue the distribution of texts and educational material. During 1973, ICCE will distribute approximately 11,000 sets of instructional aids (maps, demonstration kits, and other school aids), approximately 5 million workbooks, approximately 2 million notebooks and 5 million pencils, and approximately 150,000 teacher's guides.

F. Diversified Secondary Education (INEM and "Service Centers")
Construction and Equipment

The funds allocated for this activity will be used to integrate existing "colegios", or secondary-level vocational training schools, with the new "service centers" capable of providing to students of "traditional" schools progressively diversified comprehensive education similar to

that currently offered in the INEMs. Approximately 15 "service centers" are to be established in intermediate cities i.e., of between 30,000 and 350,000 population. Funds will also be used in completing the last nine INEMs. A work schedule, which shall include location of the service centers and a time-phased disbursement plan, shall be provided to A.I.D. prior to December 31, 1972.

G. Improvement of Existing Secondary School Facilities

Funds allocated for this activity are to be used to continue the improvement of facilities at existing secondary-level institutions where such improvements clearly respond to accumulated needs. The type of institution to be assisted include technical schools, vocational schools, and public "colegios". During 1973, ICCE will provide assistance to between 10 and 30 such institutions. A description of the work to be done shall be submitted to A.I.D. prior to December 31, 1972.

H. All Other

Funds allocated for this activity will support education programs other than those previously mentioned

V. ICFES

A. Financial Target

To make available for expenditure by ICFES in 1973, the following amounts, to be financed as follows:

<u>Source of Funds</u>	<u>(Millions of Pesos)</u>
Borrower	216.90
A.I.D.	<u>122.40</u>
Total	339.30

B. Activity Targets

This program calls for the expenditure of commingled funds by ICFES for the activities listed, in the approximate amounts shown:

	(Millions of Pesos)
1. Development and integration of faculties of education	42.97
2. Regional university development and integration	158.40
3. TEXUM program and documentation center	9.00
4. Post-Secondary technical education	30.20
5. All other	<u>98.73</u>
Total	339.30

C. Development and Integration of Faculties of Education and Faculties of Science

Funds allocated for this activity are to be used to continue assisting faculties of education and science to develop and implement plans to increase and improve their capabilities for furnishing the numbers and quality of teachers required for secondary schools (with special attention to the needs of INEMs and "service centers"), technological schools and normal schools. During 1973, ICFES will continue its

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analysis of faculty-developed plans and provision of support to faculties for implementation of such plans, including construction and improvement of facilities to accommodate approximately 6,300 new students, equipping of laboratories and libraries at 20 faculties, and strengthening of education innovation centers affiliated to the faculties. For this purpose, faculties will submit to ICFES coordinated plans, which will include yearly production goals and time-phased implementation schedules with budgetary requirements. Plans will be eligible for financing upon final analysis and approval by ICFES, in consultation with the Advisory Committee of the Faculties of Education and the MINED.

Funds allocated for this activity are also to be used to support the development of post-graduate programs in education at selected institutions. During 1973, ICFES will analyze plans for the development and strengthening of such programs at the National Pedagogical University, the Pedagogical University of Tunja, and the Faculty of Education of the University of Valle. As and when such plans are acceptable to ICFES and the MINED, ICFES will provide support for the implementation of the respective programs. In addition, ICFES will assist additional appropriate institutions toward the development of similar programs.

D. Regional University Development and Integration

Funds for this activity are to be used to continue support to existing priority integration projects in the Atlantic Coast, Southwest and West-Central Regions. In addition, projects will be initiated

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in Northeast (i.e. The Santander Region), The Northwest and Central Regions. During 1973, ICFES will continue to assist universities in the different areas to develop and implement integration plans through technical assistance and grants. Grants to on-going projects will finance such items as construction, equipment, and training of personnel. Where new projects are involved, ICFES will provide grants for development of integration plans, and upon approval of ICFES and the Ministry of Education, finance the implementation of plans in the same manner as for on-going projects.

E. TEXUM Program and Documentation Center

Funds allocated for this activity will be used to support the provision of texts and library books to approximately 18 universities through ICFES' TEXUM program, and provide publications for utilization by universities through ICFES' national information system.

F. Post-Secondary Technical Education

Funds allocated for this activity are to be used to continue the provision of grants to existing post-secondary technical institutes. During 1973, ICFES will provide grants to approximately ten such institutes for the improvement of existing facilities, laboratories, libraries, and vocational shops including electricity, carpentry, mechanical drawing, and metal working. ICFES will undertake the preparation of the National Development Plan for post-secondary technical education in coordination with the MINED and DNP.

G. All Other

Funds allocated for this activity will be used for other ICFES costs and to support education programs other than those previously

mentioned.

VI. ICOLPE

A. Financial Target

To make available to ICOLPE in 1973 the following amounts, to be financed as follows:

<u>Source of Funds</u>	<u>(Millions of Pesos)</u>
Borrower	16.3
A.I.D.	<u>10.5</u>
Total	26.8

B. Activity Targets

This program calls for the expenditure of commingled funds by ICOLPE for the activities listed in the approximate amounts shown:

1. Educational Research	11.8
2. Textbook publication	5.8
3. Prototype instructional aids	6.2
4. All other	<u>3.0</u>
Total	26.8

C. Educational Research

Funds allocated to this activity will be used to continue the provision of grant-in aid to professors of Faculties of Education or other researchers. During 1973 approximately 65 research projects in the areas of instructional methodology and curriculum, vocational education, the relationship between education and social structure, and adult education will be financed. Funds will also support completion of a study by ICOLPE of the new curriculum for nine-year basic education and pilot experiments in its introduction.

D. Textbook Publication

Funds allocated to this activity will be used to publish approximately twenty textbooks in the basic sciences and mathematics in editions of 5000 copies each.

E. Prototype Instructional Aids

Funds allocated to this activity will be used for the design, production and evaluation of approximately 40 prototype instructional aids; (e.g. maps and audio-visual kits).

F. All Other

Funds allocated to this activity will be used for other ICOLPE costs and to support education programs other than those previously mentioned.

VII. ICETEX

A. Financial Target

To make available to ICETEX in 1973 the following amounts, to be financed as follows:

<u>Source of Funds</u>	<u>(Millions of Pesos)</u>
Borrower	48.65
A.I.D.	<u>40.00</u>
Total	88.65

B. Activity Targets

This program calls for expenditure of commingled funds by ICETEX for the activities listed in the approximate amounts shown:

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	50.00
2. Credit for students in education faculties within Colombia	19.50
3. Funds for management of sector loan scholarships	2.15
4. All Other	17.00
Total	88.65

C. National Scholarship Fund

Funds allocated to ICETEX for this activity will be utilized to provide grants to teachers who desire to improve their professional status by further academic training. During 1973, ICETEX will provide approximately 10,000 such grants (of approximately 5,000 pesos each) to help finance such training.

D. Credit for Students in Education Faculties

Funds for this activity will be used to continue the provision of scholarships for students in Colombia's faculties of education. During 1973, ICETEX will provide such financing for approximately 2,300 education students.

E. Management of Participant Pro

Funds for this activity will be used to pay administrative expenses of managing the participant training program under the Loan.

F. All Other

Funds allocated to this activity will support scholarship programs other than those previously mentioned.

VIII. Coordination Activities of the Ministry of Education

Although no funds will be allocated to these activities, the Ministry of Education, as the central organization in the education sector, will have the principal responsibility for coordination of certain activities which relate to the expenditure of commingled funds by other entities in the education sector. Coordination activities to be performed by the Ministry are described below.

A. Coordination of Investment in Rural-related Development Activities

In connection with the establishment of rural development school centers, the Ministry will help coordinate the investment of other sectors of the Colombian government, e.g. health and agriculture, in the rural areas, so that such investment strengthens existing and projected centers. For this purpose, the coordination will be carried out by MINED representatives, working with representatives of those ministries composing the National Council on Rural Development, in accordance with recommendations contained in a study carried out by DNP in 1972 concerning the manner of effecting such coordination.

(A.I.D. will be furnished a copy of the study and a list of the recommendations).

B. Basic Education - Automatic Promotion Introduction

An analysis of the effects of automatic promotion, including requirements for provision of increased numbers of teachers, is being carried out in 1972 by the Planning Office of the MINED in conjunction with the DNP and ICOLPE. (A.I.D. will be furnished a copy of the analysis). During 1973, the MINED will consider the introduction of automatic promotion between the first two basic education grade-units. These steps will accord with the analysis mentioned above, and will include provision for increased numbers of teachers.

C. Inventory Accumulated Improvement Needs of Existing Secondary Schools

In connection with the activity of improving facilities at existing secondary-level institutions, MINED will designate the institutions and improvements required in each. The designation by MINED will be based upon an inventory of accumulated improvement needs of existing technical schools, vocational schools, and public "colegios" which MINED will complete in 1972, where such requirements most clearly respond to (a) long-standing needs for improvement in quality and quantity of educational facilities, and (b) accord with plans for

development of the "service centers". A.I.D. will be furnished a copy of the inventory and the list of facilities designated for improvement.

IX. Dollar Funding

The Loan will make available up to 1.5 million dollars for participant training. Such training will be arranged and supervised by ICETEX. Dollar funds will be made available to ICETEX on a reimbursable basis.

Of the total sum made available for participant training, approximately 80% shall be used to finance training for participants from the three sectors to which A.I.D. plans to furnish sector loan support in CY 1973, namely, education, agriculture and urban regional development. The participant training for each of the respective sectors will accord with the purposes of the sector program which the A.I.D. loan supports. These funds will be utilized in the approximate proportion of one-half for agriculture participants, three-tenths for education participants and the balance for participants from the urban regional sector.

The remaining 20% of funds available for participant training will be used to finance participants from sectors other than those noted in the previous paragraph.

Prior to utilization of the funds available for participant training, ICETEX will submit for the analysis and approval of A.I.D. a plan of operation for the participant training, including a more refined

apportionment of the funds specified above, showing anticipated commitment and expenditure plans in a chronological framework. The criteria for A.I.D.'s approval will include the stipulation that the funds in question will be administered by ICETEX in conformity with the purposes and applicable provisions of the FY 1972 sector loan agreements between the U.S. and Colombian governments; that the normal rules, regulations, and procedures of ICETEX will be followed in the management and supervision of the participant training; that ICETEX will develop criteria for the selection of participants in accord with foregoing paragraphs; that the Ministries and Agencies involved in the program will establish a preselection sub-committee or sub-committees to make recommendations to the National Scholarship Committee of ICETEX concerning candidates to be financed by A.I.D. loan funds, which sub-committee(s) will consult with A.I.D. concerning recommended candidates; and that only training in Code 941 countries will be eligible for financing from this Loan.

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