

CONFORMED COPY

LOAN NUMBER 3054 TUN

(Education and Training Sector Loan)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 30, 1989

LOAN NUMBER 3054 TUN

LOAN AGREEMENT

AGREEMENT, dated June 30, 1989, between REPUBLIC OF TUNISIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "MEN" means the Borrower's Ministry of National Education;

(b) "OFPE" means Office de la Formation Professionnelle et de l'Emploi, the Borrower's Office of Vocational Training and Employment established under Law No. 88.60 of June 8, 1988;

(c) "Education and Training Sector Action Plan" means the Borrower's action plan for its education and training sector as furnished to the Bank;

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(d) "Sub-project" means a specific sub-project under Part B.1 of the Project;

(e) "Project Coordinators" means the Project coordinators appointed by the Borrower's Decision No. 706 CAB of March 17, 1989, for the MEN Coordinator and the Borrower's Circular No. 38 of March 22, 1989, for the OFPE Coordinator;

(f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(g) "Fiscal Year" means the Borrower's fiscal year which runs from January 1 to December 31; and

(h) "TD" or "Tunisian Dinars" mean the currency of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of ninety-five million dollars (\$95,000,000), being the sum of withdrawals of the proceeds of the Loan with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 1995 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time

to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through its MEN and OFPE with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, training and education practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For purposes of overall coordination in the carrying out of the Project and monitoring its progress, the Borrower shall maintain a Project Coordinator in each of MEN and OFPE.

Section 3.04. The Borrower shall: (a) not later than October 31, each year review with the Bank: (i) the progress achieved in carrying out its reform program set forth in its Education and Training Sector Action Plan; (ii) the progress achieved in carrying out its school construction program referred to under Part A.1 of the Project; and (iii) the proposed investment and recurrent expenditures budgets of MEN for the following year, including the level of non-salary expenditures; and (b) based on such review, take all necessary measures to adjust such reform program, construction program and proposed investment and recurrent expenditures budgets.

Section 3.05. For purposes of carrying out Part A.4 of the

Project, the Borrower shall: (a) cause the schools to prepare and submit to its MEN for its approval pedagogical improvement plans comprising the elements set forth in Paragraph I of Schedule 6 to this Agreement which to be carried out require the acquisition of books and educational materials to be financed under the Loan; and (b) appraise through its MEN each such pedagogical improvement plan taking into account the priorities set forth in Paragraph II of Schedule 6 to this Agreement.

Section 3.06. For purposes of carrying out Part B of the Project, the Borrower shall cause OFPE to: (a) based on the procedures set forth in Schedule 7 to this Agreement, identify and appraise Sub-projects to be financed under the Loan; and (b) thereafter, submit each Sub-project to the Bank for its approval.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their pre-

paration, can be relied upon to support the related withdrawals.

Section 4.02. The Borrower shall:

(a) carry out its Education and Training Sector Action Plan, which sets forth the Borrower's priorities and objectives in reforming its education and training sector, in a timely fashion; and

(b) not later than December 31, 1993: (i) carry out a study under terms of reference satisfactory to the Bank to evaluate the qualitative and quantitative impact of such Sector Action Plan and its organizational and financial impact on the Borrower's education and training sector; (ii) furnish to the Bank for review and comments the results and recommendations of such study; and (iii) based on such review, take all necessary measures to adjust its policy in its education and training sector.

Section 4.03. The Borrower shall: (a) not later than December 31, 1990, prepare a preventive maintenance plan satisfactory to the Bank for all MEN schools; and (b) thereafter, take all necessary action to ensure that all MEN schools are adequately maintained.

ARTICLE V

Termination

Section 5.01. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministere du Plan
7 Place Ali Zouaoui
Tunis
Republic of Tunisia

Cable address:

MIPLAN
Tunis

Telex:

93415117

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT),
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be

signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TUNISIA

By /s/ Abdelaziz Hamzaoui
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Kemal Dervis
Acting Regional Vice President
Europe, Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works under Part A.1 of the Project	57,600,000	65%
(2) Equipment, furni- ture and vehicles under Parts A.1 to A.3 and A.5 of the Project	10,600,000	100% of foreign expenditures for directly imported items and 80% of local expendi- tures for items procured locally
(3) Books and educa- tional materials under Part A.4 of the Project	4,300,000	100% of foreign expenditures for directly imported items and 80% of local expendi- tures for items procured locally
(4) Experts' services and fellowships under Part A.2 of the Project	1,700,000	100%
Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(5) Civil works under Part B.2 of the Project	2,500,000	65%

(6) Equipment under Part B.3 of the Project	9,100,000	100% of foreign expenditures for directly imported items and 80% of local expenditures for items procured locally
(7) Experts' services under Parts B.1 and B.3 of the Project	1,100,000	100%
(8) Unallocated	8,100,000	
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TOTAL	95,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement except that withdrawals, in an aggregate amount not exceeding the equivalent of \$4,000,000, may be made in respect of Categories (1) and (7) on account of payments made for expenditures before that date but after January 1, 1989.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in carrying out a reform of its education and training sector as set forth in its Education and Training Sector Action Plan.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part A: Education Sector

1. Execution of a construction program:

(a) carrying out rehabilitation works in about 1,600 primary schools and about 300 secondary schools;

(b) construction of and equipment for about 800 canteens in existing schools; and

(c) construction of and equipment for about 130 upper basic education schools corresponding to the third cycle of basic education.

2. Strengthening MEN by the provision of fellowships and of technical assistance for:

(a) the establishment of a curriculum development unit in the Directorate of Programs;

(b) the establishment of a publishing and editing unit in the Directorate of Programs;

(c) the establishment of a department responsible for all teacher training activities;

(d) the improvement of examinations preparation and the development of data banks of test questions;

(e) the development of training programs for educational administrators such as inspectors and school principals, and the organization of seminars in educational management;

(f) the development of a system in the Division of Construction and Equipment of a preventive maintenance plan for all MEN schools, and the organization of seminars for central and regional MEN staff in preventive maintenance;

(g) the carrying out of studies on specific topics such as remedial instruction and the production of educational materials within the Borrower's territory; and

(h) the carrying out of a study to evaluate the qualitative, quantitative, organizational and financial impact of the Education and Training Sector Action Plan.

3. Provision of equipment and spare parts for MEN's maintenance center and of computers for MEN's secondary schools and of about 46 vehicles for the regional services of MEN's pedagogical inspection.

4. Provision of books and educational materials to schools based on pedagogical improvement plans submitted by the schools to MEN.

5. Development of an extensive program for in-service training of teachers and provision of materials and equipment therefor.

Part B: Vocational Training Sector

1. Carrying out of Sub-projects for the creation or transformation of existing vocational training institutions into sector specific training and enterprise assistance centers adequately organized to meet the needs of specific industries and services to be managed by OFPE.

2. Carrying out rehabilitation and construction works on such sectoral vocational training and enterprise assistance centers.

3. Provision of training equipment and technical assistance to such sectoral vocational training and enterprise assistance centers.

* * * *

The Project is expected to be completed by September 30, 1994.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each June 15 and December 15 beginning December 15, 1994 through December 15, 2005	3,960,000
On June 15, 2006	3,920,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for equipment and educational materials shall be grouped in bid packages estimated to be attractive to suppliers.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A 1 hereof, goods manufactured in Republic of Tunisia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Civil works and furniture may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with the Borrower's applicable procedures, provided, however, that: (i) no preference shall be granted for purposes of bid comparison to any group of bidders; (ii) all bidders shall be treated equally in terms of the requirements of furnishing bid and performance securities; and (iii) bids shall be opened in public.

2. Sundry items estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the

equivalent of \$2,000,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Books estimated in the aggregate to cost the equivalent of \$2,800,000 may be procured under contracts to be negotiated with publishers.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods estimated to cost the equivalent of \$350,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in reforming its education and training sector, the Borrower shall employ education, management and construction consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$4,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made

only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Pedagogical Improvement Plans

I. Each pedagogical improvement plan submitted to MEN for appraisal shall include:

1. a description of the actions to be carried out; and
2. a list of books and educational materials necessary for the carrying out of such actions.

II. In appraising pedagogical improvement plans, MEN shall give priority to:

1. pedagogical improvement plans submitted by schools located in under privileged areas;
2. pedagogical improvement plans submitted by schools corresponding to the basic education level. Such schools shall be permitted to use up to two-thirds of the amount allocated to Category (3) in the table in Schedule 1 to this Agreement; and
3. pedagogical improvement plans establishing the availability of a contribution to the cost involved from individuals or organizations other than MEN.

SCHEDULE 7

Procedures for Appraisal and Approval of Sub-projects

I. Procedures for Appraisal of Sub-projects

1. The identification and appraisal of Sub-projects shall be the

responsibility of OFPE.

2. Each appraisal of a Sub-project shall consist of: (i) a training needs assessment of the concerned sector (in quantitative and qualitative terms) and a survey of existing training possibilities in the vocational training system; (ii) a description of the various tasks of the proposed sector training center and its pedagogical organization; (iii) a description of the training programs proposed and the combination of theoretical teaching and practical training; and (iv) an analysis of the investment costs and recurrent costs.

3. Each appraisal of a Sub-project shall establish that: (i) a training agreement (Accord Cadre) with specific industry associations, specifying the modalities of collaboration with OFPE and the contribution to the cost of training, has been concluded; (ii) a training plan for instructors has been developed; and (iii) a program for the transfer of technology through the services of experts and specialized institutions has been prepared to start the activities necessary for the carrying out of the Sub-project.

II. Approval of Sub-projects

1. Sub-project applications shall be prepared by OFPE.

2. When presenting a Sub-project to the Bank for approval, OFPE shall furnish to the Bank an application, including the elements described in paragraphs I.2 and 3 above and a description of the expenditures proposed to be financed out of the proceeds of the Loan, and such other information as the Bank shall reasonably request.

