

CONFORMED COPY

LOAN NUMBER 1436 RO

Loan Agreement

(Brasov Bearings Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

BANCA DE INVESTITII

Dated June 15, 1977

LOAN AGREEMENT

AGREEMENT, dated June 15, 1977, between INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank)
and BANCA DE INVESTITII (hereinafter called the Borrower).

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated March 15, 1974, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, 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) "Romania" and "Guarantor" both mean The Socialist Republic of Romania;

(b) "Foreign Trade Bank" means the Romanian Bank for Foreign Trade, established by Law No. 16/1968 of Romania;

(c) "Charter" means the Charter of the Borrower as approved by Decree No. 314 of 1971 of the Council of State of Romania, and Decree No. 125 of 1970 concerning the organization and operations of the Borrower, ratified by Law No. 22 of 1970 of Romania, as amended by Decree No. 314 of 1971 of the Council of State of Romania, as amended from time to time;

(d) "Brasov" means the "Rulmentul" Brasov, established by Decision No. 228 of 1959 of the Council of Ministers of Romania;

(e) "Design Center" means the Research and Design Center for Bearings, Fasteners and Assembly Components established by Decree No. 139 of 1974 of the Council of State of Romania;

(f) "Design Institute" means the Design Institute for Enterprises Producing Machine Tools of the Ministry of Machine Building, established by Law No. 128 of 1973 of Romania, modified by Decree No. 209 of 1974 of the Council of State of Romania;

(g) "CIROA" means the Industrial Central for Bearings and Assembly Components Brasov, established by Decree No. 367 of 1973 of the Council of State of Romania;

(h) "Technoexportimport" means the Technoexportimport Foreign Trade Enterprise established by Decision No. 281 of 1950 of the Council of Ministers of Romania; and

(i) "Uzinexportimport" means the Uzinexportimport Foreign Trade Enterprise established by Decision No. 1771 of 1974 of the Council of Ministers of Romania.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to thirty-eight million dollars (\$38,000,000).

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, as such Schedule may be amended from time to time by agreement between the Borrower and the Bank, 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 which the Bank and the Borrower have agreed are to be financed out of the proceeds of the Loan.

(b) The Foreign Trade Bank is designated as representative of the Borrower for the purpose of taking any action required or permitted to be taken under the provisions of paragraph (a) of this Section and Article V of the General Conditions.

Section 2.03. Except as the Bank and the Borrower shall otherwise agree, contracts for the purchase of goods and services for the Project and to be financed out of the proceeds of the Loan shall be awarded in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1982 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of eight and twenty hundredths per cent (8.20%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.08. 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 shall cause the Project to be carried out with due diligence and efficiency and in conformity with appropriate engineering, financial, ecological, environmental and administrative practices as follows:

(a) the Borrower shall supervise the execution of the Project, including the procurement of the goods and services required therefor;

(b) Brasov shall, where required in cooperation with the Design Center and the Design Institute and other authorized design institutes of Romania, provide the general engineering services required for the Project;

(c) Uzinexportimport, and where required other procurement agencies of Romania the activities of which shall be coordinated by Uzinexportimport, shall in accordance with the technical advice received from Brasov procure the goods and services required for the Project and to be awarded in accordance with the provisions of Schedule 4 to this Agreement; and

(d) Brasov shall:

(i) make timely arrangements, in form and substance satisfactory to the Borrower and the Bank, with the Design Center and the Design Institute and the

- other design institutes referred to in the foregoing paragraph (b) for the supply of the general engineering services required for the Project, and with the appropriate industrial construction trusts of Romania as required for the civil works and erection included in the Project;
- (ii) in accordance with the technical assistance received from such Design Center and design institutes procure the goods and services required for the Project other than those referred to in the foregoing paragraph (c); and
 - (iii) have overall responsibility for the coordination of the implementation of the Project and for the coordination of the Project-related activities of the other agencies of Romania.

Section 3.02. (a) The Borrower shall cause adequate provision to be made for the insurance of the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of importation in the territory of Romania, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Bank and the Borrower shall otherwise agree, all goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project.

ARTICLE IV

Other Covenants

Section 4.01. (a) The Bank and the Borrower agree that, in order to realize the purposes of the Project, it shall be necessary for Brasov:

- (i) to operate the facilities established under the Project with due regard to ecological, environmental and safety factors;
- (ii) to maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices the operations, resources and expenditures of Brasov;
- (iii) to submit the accounts and financial statements (balance sheets, statements of income and expenses and related statements) of Brasov for each fiscal year to an independent audit conducted, in accordance with appropriate auditing principles consistently applied, by the Ministry of Finance of Romania;
- (iv) at all times to manage its affairs, plan its future expansion and carry on its operations, all in accordance with appropriate engineering, financial and administrative practices and under

experienced and competent management, assisted by qualified staff in adequate numbers;

- (v) to be granted all such rights and interests in land and all such other rights and powers as are necessary in the management or operation of the assets managed or operated by Brasov;
- (vi) at all times to operate and maintain the installations, equipment and other property managed or operated by Brasov, including all structures constructed and machinery installed under the Project, and, as and when required, make all necessary repairs and renewals thereof, all in accordance with appropriate administrative and engineering practices;
- (vii) except as the Borrower and the Bank shall otherwise agree, not to transfer or otherwise dispose of any of the assets managed or operated by Brasov, except in the normal course of the business of Brasov;
- (viii) that in any year after 1980 the sum of the annual benefits of Brasov and the annual provision for depreciation of Brasov shall be at least sufficient to cover the sum of (A) the equivalent in Lei of the payments of the principal of, and charges

other than interest on, the Loan which the Borrower is required to make to the Bank that same year and (B) ten per cent of the average principal amount of the Loan outstanding that same year; for the purposes of this paragraph (viii), the term "Lei" means Lei in currency of Romania, and the term "annual benefits" means the difference between gross revenues and operating and administrative expenses (including adequate provision for maintenance and depreciation) accountable to any one fiscal year; and

- (ix) to ensure, through a small staff of experienced industrial engineers, the coordination of the carrying out of the studies included in Part D of the Project and the making of recommendations, on a continuing basis, of possibilities for improving Brasov's products and operations.

(b) It is further agreed that, in order to realize the purposes of the Project in accordance with the laws of Romania, it shall be necessary for CIROA and Technoexportimport to ensure, through adequately staffed export departments, the export of bearings and to jointly cooperate to develop export markets for Brasov's products and to improve marketing arrangements in existing and prospective markets.

(c) The Borrower shall, to the extent that it is authorized under the laws of Romania, (i) ensure that Brasov, CIROA and Technoexportimport will each conduct its operations in accordance with the requirements set forth in this Section, and (ii) take all measures necessary to obtain permission as and when needed from the authorities of the Guarantor for the financing of the agreed equipment, machinery, spare parts and services referred to in Schedule 1 to this Agreement.

ARTICLE V

Management and Operations of the Borrower;
Financial Covenants

Section 5.01. The Borrower shall manage and conduct its operations and affairs in accordance with appropriate administrative and financial standards and practices and in accordance with the Charter.

Section 5.02. The Borrower shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations in respect of Brasov.

Section 5.03. (a) It is not the practice of the Borrower to create liens as security for debt. Accordingly, the Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any debt.

(b) For the event that, notwithstanding the foregoing, a lien shall be created on any of the Borrower's assets as security for any debt, the Borrower undertakes that, except as the Bank shall otherwise agree: (i) if the Borrower shall create the lien, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and in the creation of such lien express provision will be made to that effect, at no cost to the Bank; and (ii) if the lien shall be created by law, the Borrower shall grant, at no cost to the Bank,

an equivalent lien satisfactory to the Bank to secure the payment of the principal of, and interest and other charges on, the Loan.

Section 5.04. The Bank and the Borrower agree that in carrying out the provisions of this Agreement the Borrower shall take such measures as shall be necessary according to the State Plan of Romania and the applicable laws in order to achieve the purposes of the Project.

ARTICLE VI

Cooperation and Information
Financial Data

Section 6.01. The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end:

(a) the Bank and the Borrower shall from time to time at the request of either party exchange views through their representatives with regard to the progress of the Project, the benefits derived from the Project, the performance of their respective obligations under the Loan Agreement, the compliance by Brasov, CIROA and Technoexportimport with the requirements set forth in Section 4.01 of this Agreement and other matters relating to the purposes of the Loan, the compliance by Uzinexportimport with the requirements of Schedule 4 to this Agreement, and the Borrower shall enable the Bank's representatives to exchange views with representatives of Brasov with regard to the Project, the benefits derived from the Project, the resources and expenditures of Brasov and the compliance by Brasov, CIROA and Technoexportimport with the requirements set forth in Section 4.01 of this Agreement and with representatives of the Romanian bearings industry with regard to the benefits of the Project to the Romanian economy and the position of Brasov in such industry;

(b) the Borrower shall obtain from Brasov and the other agencies concerned of Romania, and furnish to the Bank, upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and the material modifications thereof or additions thereto, in such detail as the Bank and the Borrower shall agree;

(c) The Borrower: (i) shall maintain or cause to be maintained records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan and the goods manufactured from materials or components, if any, financed out of such proceeds, and to disclose the use thereof in the Project; and (ii) shall furnish to the Bank within forty-five calendar days after each calendar quarter a report, of such scope and in such detail as the Bank and the Borrower shall agree, on the progress of the Project during such quarter;

(d) the Borrower shall enable the Bank's representatives to visit and examine the goods financed out of the proceeds of the Loan, the plant, installations, sites, works, buildings and equipment of Brasov, the factories, installations, sites and works in Romania where goods required for the Project are manufactured insofar as the Project is concerned, the other

facilities and construction sites included in the Project, the records and documents of Brasov and the other records and documents relating to the Project;

(e) the Borrower shall for each fiscal year of Brasov:

(i) obtain from Brasov and furnish to the Bank not later than three months after the end of each such year, (A) certified copies of the financial statements (balance sheets, statements of income and expenses and related statements) of Brasov for such year audited in accordance with the provisions of Section 4.01 (a) (iii) of this Agreement, and (B) the report of such audit by the auditors referred to in said Section 4.01 (a) (iii) of such scope and in such detail as the Bank and the Guarantor shall agree; and (ii) furnish to the Bank such other information concerning the accounts and financial statements of Brasov and the audit thereof as the Bank shall from time to time reasonably request;

(f) the Borrower shall: (i) furnish to the Bank not later than four months after the end of each of its fiscal years, (A) certified copies of its financial statements (balance sheets, statements of income and expenses and related statements, as agreed between the Bank and the Borrower) for such fiscal year submitted to an independent audit conducted, in accordance with appropriate auditing principles consistently applied, by the

Ministry of Finance of Romania, and (B) the report of such audit by said auditor of such scope and in such detail as the Bank and the Guarantor shall agree; and (ii) furnish to the Bank such other information concerning the before-mentioned financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request; and

(g) the Bank and the Borrower shall from time to time furnish to each other such additional information as the other party shall reasonably request with regard to the progress of the Project, the position of Brasov, the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the operations, resources and expenditures of Brasov, the benefits derived from the Project and the general status of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either party of its obligations under the Loan Agreement.

ARTICLE VII

Effective Date; Termination

Section 7.01. The date August 16, 1977, is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VIII

Addresses

Section 8.01. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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)

For the Borrower:

Banca de Investitii
Str. Doamnei No. 4
Bucharest
Romania

Telex:

011238 BINVR
011239 BINVR
011188 BINVR

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ M.P. Benjenk
Regional Vice President
Europe, Middle East and North Africa

BANCA DE INVESTITII

By /s/ Nicolae M. Nicolae
Authorized Representative

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 amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Equipment, machinery and spare parts agreed between the Bank and the Borrower to be financed under this Category and services in connection with such equipment and machinery	26,000,000	100% of foreign expenditures
(2) Other equipment, machinery, spare parts and services agreed to be eli- gible to be financed out of the proceeds of the Loan	6,500,000	100% of foreign expenditures and 100% of local expenditures, limited to ex- factory cost
(3) Unallocated	5,500,000	
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TOTAL	38,000,000	
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2. For purposes of this Schedule:

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

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

3. The disbursement percentages have been calculated in compliance with the policy of the Bank that no proceeds of the Loan shall be disbursed on account of payments for taxes levied by, or in the territory of, Romania on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if any event occurs which shall affect the amount of any such taxes included in the cost of any item to be financed out of the proceeds of the Loan, the Bank may, by notice to the Borrower, correspondingly adjust the disbursement percentage then applicable to such item.

4. 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.

5. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above, if the Bank has reasonably estimated that the amount of the

Loan then allocated to any Category will be insufficient to finance all expenditures in that Category, the Bank may, by notice to the Borrower: (i) reallocate to such Category, to the extent required to meet such estimated shortfall, proceeds of the Loan which are then allocated to another Category and which in the opinion of the Bank are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

6. If the Bank shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as, in the Bank's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

SCHEDULE 2

Description of the Project

The Project consists of increasing the annual production capacity of the Brasov Enterprise at its Brasov plant to about 33.5 million bearings (excluding special needle and cardan bearings) having an average quality such that not more than 10% fall below the rating P6 as defined by the International Standards Organisation and increasing the number of basic sizes of bearings capable of being produced to 240 (excluding special needle and cardan bearings). The Project includes the following Parts:

Part A:

Expansion and modernization of the existing production lines and equipment and construction of new lines and installation of equipment so as to achieve the annual capacity of about 33.5 million bearings, including installation of an automated assembly line with an annual capacity of about 5.5 million bearings.

Part B:

Expansion and modernization of production facilities for forgings, rings, balls, rollers, retainers and other services and equipment required to operate the facilities described in Part A of this Schedule at the levels of production and quality described above.

Part C:

Training workers required to operate the facilities described above.

Part D:

1. A study, taking into account the selection of the equipment to be installed under Parts A and B of the Project, of the layout of such equipment and deployment of labor within Brasov's plant, and requirements for additional labor to operate such equipment.

2. A study of the economic justification for producing types of bearings expected to be produced by Brasov in small series which for purposes of example shall be taken to be a series of under 50,000 per year, unless because of the type, size and total value of the series, it would not normally be considered a small series.

3. A study of the possibilities of reducing Brasov's working capital requirements.

The foregoing studies will be completed by March 31, 1978, or such later date as the Bank and the Borrower may agree.

* * *

The equipment to be procured for carrying out Parts A and B of the Project is expected to be commissioned by December 31, 1981 and the Project is expected to be completed by December 31, 1984.

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
On each February 15 and August 15	
beginning February 15, 1981	
through August 15, 1990	1,900,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions:

<u>Time of Prepayment</u>	<u>Premium</u>
Not more than three years before maturity	1.90%
More than three years but not more than five years before maturity	3.15%
More than five years but not more than nine years before maturity	5.70%
More than nine years but not more than eleven years before maturity	6.95%
More than eleven years before maturity	8.20%

SCHEDULE 4

Procurement
(Section 2.03)

A. General Procedures

1. Except as provided in paragraph 2 of this Part, goods and services shall be procured in accordance with procedures consistent with those set forth in the "Guidelines for Procurement under World Bank Loans and IDA Credits" published by the Bank in August 1975 (hereinafter called the Guidelines), on the basis of international competitive bidding as described in Part A of the Guidelines.

2. Contracts for goods which cannot be grouped together in accordance with paragraph 3 of this Part A and which are estimated to cost less than \$100,000 equivalent shall, after solicitation of bids from potential suppliers from at least three member countries of the Bank and Switzerland on the basis of bid invitations consistent with the provisions of the Guidelines, be awarded in accordance with the provisions of paragraphs 3.3 through 3.10 of the Guidelines unless this would be impractical for technical reasons, in which event the items involved shall be procured by prudent shopping, provided the aggregate amount of contracts let pursuant to the procedures permitted by this paragraph 2 shall not exceed \$1,700,000 equivalent.

3. Identical or similar items to be procured for the Project shall be grouped together, wherever practicable, for the purpose of bidding and procurement, and such grouping of items shall be subject to agreement between the Bank and the Borrower.

4. Bidders are required to prequalify in accordance with criteria agreed between the Borrower and the Bank. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by Uzinexportimport to the Bank for its comments before the applicants are notified and Uzinexportimport shall make such additions to or deletions from such list as the Bank shall reasonably request.

B. Evaluation and Comparison of Bids for Goods; Preference for Domestic Manufacturers

1. For the purpose of evaluation and comparison of bids for the supply of goods: (i) bidders shall be required to state in their bid the c.i.f. (port of entry) price for imported goods, or the ex-factory price for domestically manufactured goods; (ii) customs duties and other import taxes on imported goods shall be excluded; and (iii) the cost of inland freight and other expenditures incidental to the delivery of goods to the place of their use or installation shall be included.

2. Goods manufactured in Romania will be granted a margin of preference in accordance with, and subject to, the following provisions:

(a) All bidding documents for the procurement of goods shall clearly indicate any preference which will be granted, the information required to establish the eligibility of a bid for such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

(b) After evaluation, responsive bids will be classified in one of the following three groups:

- (1) Group A: bids offering goods manufactured in Romania if the bidder shall have established to the satisfaction of the Borrower and the Bank that the manufacturing cost of such goods includes a value added in Romania equal to at least 20% of the ex-factory bid price of such goods.
- (2) Group B: all other bids offering goods manufactured in Romania.
- (3) Group C: bids offering goods manufactured outside Romania.

(c) All evaluated bids in each group shall be first compared among themselves, excluding any customs duties and other import taxes on goods to be imported and any sales or similar taxes on goods to be supplied domestically, to determine the lowest evaluated bid of each group. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A or group B is the lowest, it shall be selected for the award.

(d) If, as a result of the comparison under paragraph (c) above, the lowest bid is a bid from group C, all group C bids shall be further compared with the lowest evaluated bids from group A after adding to the c.i.f. bid price of the imported goods offered in each group C bid, for the purpose of this further comparison only, an amount equal to (i) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group C bid; or (ii) 15% of the c.i.f. bid price of such goods if such custom duties and taxes exceed 15% of such price. If the group A bid in such further comparison is the lowest, it shall be selected for the award; if not, the lowest evaluated bid from group C shall be selected.

C. Review of Procurement Decisions by the Bank

1. With respect to all contracts estimated to cost the equivalent of \$100,000 or more:

(a) Before bids are invited, Uzinexportimport shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a list of prequalified bidders to whom the invitations to bid will be sent, and shall make such modifications in the said documents or procedures as the Bank shall reasonably request. Any further modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.

(b) Promptly after the bids have been opened, Uzinexportimport shall inform the Bank of the names of the bidders and the respective amounts of the bids.

(c) After bids have been evaluated, Uzinexportimport shall, before a final decision on the award is made, inform the Bank of the name of the bidder to which the contract is intended to be awarded and shall furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be

inconsistent with the Guidelines or this Schedule, promptly inform Uzinexportimport and state the reasons for such determination.

(d) The terms and conditions of the contract shall not, without the Bank's concurrence, materially differ from those on which bids were asked or prequalification invited.

(e) Two conformed copies of the contract shall be furnished to the Bank promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

2. With respect to each contract estimated to cost less than the equivalent of \$100,000 and to be financed out of the proceeds of the Loan, Uzinexportimport shall furnish to the Bank, promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two conformed copies of such contract, together with a list of the parties invited to bid or to submit quotations, the analysis of the respective bids, recommendations for award or, if a single offer is solicited pursuant to paragraph 2 of Part A of this Schedule, the reasons why a single offer was solicited and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the award of the contract was not consistent with the Guidelines or this Schedule, promptly inform Brasov and the Borrower and state the reasons for such determination.