Joint Project Agreement

(Magat River Multipurpose - Stage II
Irrigation Project)

between

REPUBLIC OF THE PHILIPPINES

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Dated January 26, 1979
JOINT PROJECT AGREEMENT

AGREEMENT, dated January 26, 1979, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Borrower), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (hereinafter called the Fund).

WHEREAS by a loan agreement with the Borrower of even date herewith, the Bank has agreed to make available to the Borrower a loan in a principal amount in various currencies equivalent to twenty-one million dollars ($21,000,000), for the purpose of assisting in the financing of an irrigation project, described in Schedule 2 to this Agreement;

WHEREAS by a loan agreement with the Borrower of even date herewith, the Fund has agreed to make to the Borrower a loan, in a principal amount in various currencies equivalent to ten million dollars ($10,000,000), for the same purpose;

WHEREAS the Fund has appointed the Bank as the Cooperating Institution to administer the Fund Loan;

WHEREAS the parties hereto deem it to be in their mutual interest that the allocation, withdrawal and use of the proceeds of such loans and the execution of the project to be financed thereby, as well as other matters relating thereto, be regulated as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) "Bank Loan Agreement" means the loan agreement between the Borrower and the Bank referred to in the first recital to this Agreement, as from time to time amended;

(b) "Fund Loan Agreement" means the loan agreement between the Borrower and the Fund referred to in the second recital to this Agreement, as from time to time amended;
(c) "Bank Loan" means the loan provided for in the Bank Loan Agreement;

(d) "Fund Loan" means the loan provided for in the Fund Loan Agreement;

(e) "Bank Account" and "Fund Account" mean the respective accounts established under the Bank Loan Agreement and the Fund Loan Agreement;

(f) "Project" means the Project described in Schedule 2 to this Agreement;

(g) "NIA" means the National Irrigation Administration, an agency established by the Republic Act No. 3601 of the Borrower, as amended to the date of this Agreement;

(h) "Second Loan Agreement" means the loan agreement (Second Magat River Multipurpose Project) between the Borrower and the Bank dated May 23, 1978 and "Service Area" means the service area defined in Section 1.02 (c) of the Second Loan Agreement;

(i) "Project Area" means the South High Canal, Cauayan East, Luna-Reina Mercedes and Siffu East Extension areas located in the Service Area; and

(j) "ha" means hectares of land.

ARTICLE II

Allocation and Withdrawal of Proceeds of Bank Loan and Fund Loan

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Bank Loan Agreement and the Fund Loan Agreement, the amount of the Bank Loan and the Fund Loan may be withdrawn from the Bank Account and the Fund Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Bank Loan and Fund Loan set forth in Schedule 1 to this Agreement, as such allocation may be modified from time to time pursuant to the provisions of such Schedule or by further agreement among the parties to this Agreement.

Section 2.02. The Borrower shall be entitled to withdraw from the Bank Account and from the Fund Account for expenditures
made (or, if the Bank and the Fund shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Bank Loan and the Fund Loan.

Section 2.03. (a) When the Borrower shall desire to withdraw any amount of the Bank Loan and the Fund Loan, the Borrower shall deliver to the Bank a written application in such form and containing such statements and agreements as the Bank and the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter provided shall, except as the Borrower, the Bank and the Fund shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) The Borrower shall furnish to the Bank such documents and other evidence in support of the application as the Bank or the Fund shall reasonably request, whether before or after the Bank shall have approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank and the Fund that the Borrower is entitled to withdraw from the Bank Account and the Fund Account the amount applied for and that such amount is to be used only for the purposes of the Project.

Section 2.04. Each such application by the Borrower for withdrawal shall be deemed to be a request to withdraw funds from the Bank Account and from the Fund Account and the funds to be withdrawn pursuant to such application shall be apportioned by the Bank, as nearly as practicable in the circumstances, between the Bank Loan and the Fund Loan in the ratio of 21:10, or such other ratio as shall be agreed between the Bank and the Fund.

Section 2.05. (a) When the Bank shall have approved an application by the Borrower for withdrawal, the Bank shall:

(i) pay the amount, if any, which the Borrower is entitled to withdraw from the Bank Account to or on the order of the Borrower in accordance with the provisions of the Bank Loan Agreement;

(ii) promptly notify the Fund that it has received an application for withdrawal from the Fund Account
in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the Bank Account in the amount set forth in such notice, and that the portion to be withdrawn from the Fund Account in the amount set forth in such notice is eligible for payment by the Fund.

(b) Upon receipt of such notice of the Bank, the Fund shall, subject to the rights of suspension and cancellation of the Fund Loan set forth in the Fund Loan Agreement, pay the amount so to be withdrawn from the Fund Account in the currency and to the payee stated in the notice.

Section 2.06. If at any time the amount of the Bank Loan or of the Fund Loan shall have been fully withdrawn or cancelled, applications by the Borrower for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the Bank Account or the Fund Account only, and the provisions of this Article II except for Section 2.04 hereof shall continue to apply mutatis mutandis until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.07. Upon the Borrower's request and upon such terms as shall be agreed between the Bank and the Borrower, the Bank may enter into special commitments to pay amounts, out of the proceeds of the Fund Loan, to the Borrower or others in respect of the cost of goods required by the Project. Any such special commitment by the Bank shall, once it has been notified to the Fund, constitute an obligation on the part of the Fund to pay, notwithstanding any subsequent suspension or cancellation of the Fund Loan and in conformity with the foregoing Sections 2.05 and 2.06, such portion of the total amount to be disbursed in fulfillment of such special commitment as agreed pursuant to Section 2.04 of this Agreement.

Section 2.08. Except as the Bank and the Fund shall otherwise agree, procurement of the goods and civil works to be financed out of the proceeds of the Bank Loan and the Fund Loan shall be governed by the provisions of Schedule 3 to this Agreement.

ARTICLE III
Execution of the Project

Section 3.01. The Borrower shall carry out the Project through NIA with due diligence and efficiency and in conformity
with appropriate financial, administrative and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist NIA in the design of pumping stations, procurement, installation and testing of pumping equipment, the Borrower shall employ or cause to be employed consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank.

Section 3.03. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Bank Loan or the Fund Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, 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 Fund shall otherwise agree, all goods and services financed out of the proceeds of the Bank Loan or the Fund Loan shall be used exclusively for the Project until its completion.

Section 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank and the Fund shall reasonably request.

(b) The Borrower: (i) shall maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Bank Loan and the Fund Loan and to disclose their use in the Project; (ii) shall enable the Bank's and the Fund's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Bank Loan and the Fund Loan and any relevant records and documents; and (iii) shall furnish to the Bank and the Fund at regular intervals all such information as the Bank and the Fund shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Bank Loan and the Fund Loan and the goods and services financed out of such proceeds.
(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower, the Bank and the Fund, the Borrower shall prepare and furnish, or cause to be prepared and furnished, to the Bank and the Fund a report, of such scope and in such detail as the Bank and the Fund shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower, the Bank and the Fund of their respective obligations under the Bank Loan Agreement, the Fund Loan Agreement and the Joint Project Agreement and the accomplishment of the purposes of the Bank Loan and the Fund Loan.

Section 3.05. (a) The Borrower shall take or cause to be taken all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project.

(b) The Borrower shall grant or cause to be granted all water rights required for existing, expanded or new irrigation systems to enable NIA to carry out the Project, and except as the Bank may otherwise agree, shall take such action as is required to ensure that no other water rights except for domestic use are granted which could adversely affect the water supply required for the Project.

ARTICLE IV
Other Covenants

Section 4.01. (a) The Borrower shall cause NIA to maintain separate records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project.

(b) The Borrower shall cause NIA to: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank and the Fund; (ii) furnish to the Bank and the Fund as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said
auditors, of such scope and in such detail as the Bank and the Fund shall have reasonably requested; and (iii) furnish to the Bank and the Fund such other information concerning the accounts and financial statements and the audit thereof as the Bank and the Fund shall from time to time reasonably request.

Section 4.02. (a) The Borrower shall cause the works and facilities included in the Project to be operated and maintained in accordance with sound administrative, financial, engineering and agricultural policies and practices, and shall make available sufficient funds for such purposes.

(b) Without limitation on its obligations under paragraph (a) of this Section, and except as the Bank and the Fund shall otherwise agree, the Borrower shall take all necessary action to ensure that charges for the use of irrigation water are levied and collected from the users of the irrigation systems in the Project Area in accordance with the provisions of Section 4.04 (b) (ii) of the Second Loan Agreement.

Section 4.03. Without limiting the generality of Section 4.02 (a) hereinabove, the Borrower shall under arrangements satisfactory to the Bank and the Fund cause the dam and related structures constructed under the Project to be periodically inspected in accordance with sound engineering practice in order to determine whether there are any deficiencies in the condition of such structures, or in the quality and adequacy of maintenance or methods of operations of the same, which may endanger their safety. To this end, the Borrower shall propose to the Bank and the Fund appropriate arrangements for the review of the Bank and the Fund no later than one year before the expected completion of such structures.

ARTICLE V

Miscellaneous

Section 5.01. (a) The Bank is hereby appointed by the Fund and agrees to act as the Cooperating Institution for the administration of the Fund Loan, with the responsibilities set forth in Article V of the General Conditions to Loan and Guarantee Agreements of the Fund. Accordingly, any action required or permitted to be taken by the Fund under this Agreement, other than actions by the Fund referred to in Section 2.05 thereof, shall be taken by the Bank as the Cooperating Institution on behalf of the Fund, except as otherwise agreed between the Bank and the Fund.
(b) The Bank and the Fund shall fully cooperate to ensure effective coordination of their respective actions under the Bank Loan Agreement and the Fund Loan Agreement and the achievement of the purpose of the Bank Loan and the Fund Loan.

Section 5.02. The Borrower shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

Section 5.03. The Minister of Finance of the Borrower or such person or persons as he shall designate in writing are designated as the representative of the Borrower to take any action or execute any documents required or permitted to be taken or executed by the Borrower under this Agreement.

Section 5.04. (a) Except as shall otherwise be agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Bank Loan Agreement and the Fund Loan Agreement shall both be in effect.

(b) If the Bank Loan Agreement or Fund Loan Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Bank or the Fund, as the case may be, shall promptly notify the other parties hereto of such termination.

Section 5.05. This Agreement and all obligations thereunder of the parties hereto shall terminate on the date upon which both the Bank Loan Agreement and the Fund Loan Agreement shall have terminated or on a date 20 years after the date of this Agreement, whichever shall be the earlier.

Section 5.06. Upon termination of the Bank Loan Agreement or the Fund Loan Agreement only, the Bank or the Fund, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Bank Loan Agreement or the Fund Loan Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties hereto or as shall be reasonably requested by the Bank or the Fund for such purposes.
Section 5.07. Any notice or request required or permitted to be given or made by any party under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or mail, telegram, cable, radiogram or telex to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For the Borrower:

Minister of Finance
Ministry of Finance
Manila, Philippines

Cable Address: MINFIN
Telex: 7550-CBP-PH
Manila

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
Telex: 440098 (ITT), 248423 (RCA) or 64145 (WUI)
Washington, D.C.

For the Fund: (except for matters within the responsibilities of the Bank or the Cooperating Institution for administration of the Fund Loan, for which notice or requests will be delivered to the Bank):

International Fund for Agricultural Development
107 Via del Serafico
00142 Rome
Italy
Section 5.08. This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names, and to be delivered in the District of Columbia, United States of America, and Rome, Italy, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By /s/ Cesar Virata
Authorized Representative

INTERNATIONAL FUND FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Stanley Please
Acting Regional Vice President
East Asia and Pacific

INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT

By /s/ A.M. Al Sudeary
Authorized Representative
SCHEDULE 1
Withdrawal of the Proceeds of the Bank Loan and Fund Loan

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Allocated (Expressed in Dollar Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank Loan</td>
<td>Fund Loan</td>
</tr>
<tr>
<td>(1) Civil Works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) mobilization and</td>
<td>1,350,000</td>
<td>650,000</td>
</tr>
<tr>
<td>construction equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for civil works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>contractors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) other civil</td>
<td>12,900,000</td>
<td>6,100,000</td>
</tr>
<tr>
<td>works (including force</td>
<td></td>
<td></td>
</tr>
<tr>
<td>accounting works)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Equipment and</td>
<td>5,100,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) directly imported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) locally manufactured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) goods procured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>locally</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Consultants'</td>
<td>150,000</td>
<td>50,000</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Amount Allocated (Expressed in Dollar Equivalent)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td>Bank Loan</td>
<td>Fund Loan</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>1,500,000</td>
<td>800,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,000,000</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule, the term "foreign expenditures" means expenditures in the currency of any country other than the Borrower and for goods or services supplied from the territory of any country other than the Borrower.

3. The disbursement percentages have been calculated in compliance with the policies of the Bank and the Fund that no proceeds of the Bank Loan or the Fund Loan shall be disbursed on account of payments for taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if the amount of any such taxes levied on or in respect of any item to be financed out of the proceeds of the Bank Loan or the Fund Loan decreases or increases, the Bank may, by notice to the Borrower, increase or decrease the disbursement percentage then applicable to such item as required to be consistent with the aforementioned policies.

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 or the disbursement percentages set forth in the table in paragraph 1 above, if the Bank has reasonably estimated that the amount of the Bank Loan and the Fund Loan then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Bank may, by notice to the Borrower: (i) reallocate to such Category, to the extent required to meet the estimated shortfall, proceeds of the Bank Loan and the Fund 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 Bank Loan or the Fund Loan and the Bank and the Fund may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Bank Loan Agreement or of the Fund under the Fund Loan Agreement, by notice to the Borrower, cancel such amount of the Bank Loan or the Fund Loan, respectively, as, in the reasonable opinion of the Bank or the Fund, as the case may be, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Bank Loan or the Fund Loan, respectively.
SCHEDULE 2

Description of the Project

The Project represents Part 4 (Irrigation) of the Borrower's Second Stage Magat Project as outlined in Schedule 5 to the Second Loan Agreement, and consists of the following Parts:

Part A:

Construction of the Baligatan diversion dam together with intake structures, main canal with major laterals and service roads in the South High Canal Extension area.

Part B:

Construction of irrigation and drainage facilities and roads in Siffu East, Luna-Reina Mercedes and Cauayan East Extension areas; and construction of on-farm irrigation facilities in the South High Canal Extension area.

Part C:

Construction of three pumping stations to serve higher lands in the Project Area.

Part D:

Provision and installation of pumps, motors, auxiliary equipment and pipelines.

Part E:

Procurement of vehicles and equipment for project implementation and operation and maintenance.

*  *  *

The Project is expected to be completed by December 31, 1982.
SCHEDULE 3

Procurement

A. International Competitive Bidding

1. Except as provided in Part C hereof, goods and civil works shall be procured under contracts awarded 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 March 1977 (hereinafter called the Guidelines), on the basis of international competitive bidding as described in Part A of the Guidelines.

2. For goods and works to be procured on the basis of international competitive bidding, in addition to the requirements of paragraph 1.2 of the Guidelines, the Borrower shall prepare and forward to the Bank as soon as possible, and in any event not later than 60 days prior to the date of availability to the public of the first tender or prequalification documents relating thereto, as the case may be, a general procurement notice, in such form and detail and containing such information as the Bank shall reasonably request; the Bank will arrange for the publication of such notice in order to provide timely notification to prospective bidders of the opportunity to bid for the goods and works in question. The Borrower shall provide the necessary information to update such notice annually so long as any goods or works remain to be procured on the basis of international competitive bidding.

3. For the purpose of evaluation and comparison of bids for the supply of goods to be procured on the basis of international competitive bidding, (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, and sales and similar taxes on domestically supplied goods, shall be excluded; and (iii) the cost to the Borrower of inland freight and other expenditures incidental to the delivery of goods to the place of their use or installation shall be included.

B. Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A of this Schedule, goods manufactured in
the Republic of the Philippines may be granted a margin of preference in accordance with, and subject to, the following provisions:

1. 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.

2. After evaluation, responsive bids will be classified in one of the following three groups:

   (1) **Group A**: bids offering goods manufactured in the Republic of the Philippines 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 the Republic of the Philippines equal to at least 20% of the ex-factory bid price of such goods.

   (2) **Group B**: all other bids offering goods manufactured in the Republic of the Philippines.

   (3) **Group C**: bids offering any other goods.

3. 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.

4. If, as a result of the comparison under paragraph 3 above, the lowest bid is a bid from group C, all group C bids shall be further compared with the lowest evaluated bid 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 said customs 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 bid from group C which as a result of the comparison under paragraph 3 is the lowest evaluated bid shall be selected.

C. Other Procurement Procedures

1. Equipment and materials with unit prices not exceeding the equivalent of $10,000 each may be purchased in accordance with the Borrower's competitive bidding procedures satisfactory to the Bank, provided that the aggregate of items so procured shall not exceed the equivalent of $200,000.

2. Civil works under Parts B and C of the Project may be carried out either (a) by NIA under force account, or (b) by contracts awarded under the Borrower's normal competitive bidding procedures, provided that the aggregate cost of civil works carried out by force account shall not, without the prior consent of the Bank, exceed 40% of the total cost of all civil works under Parts B and C of the Project.

D. Review of Procurement Decisions by the Bank

1. Review of prequalification:

   If bidders are required to prequalify, the Borrower shall, before qualification is invited, inform the Bank in detail of the procedure to be followed, and shall introduce such modifications in said procedure as the Bank shall reasonably request. 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 the Borrower to the Bank for its comments before the applicants are notified of the Borrower's decision, and the Borrower shall make such additions to, deletions from, or modifications in, the said list as the Bank shall reasonably request.

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

   With respect to all contracts for civil works estimated to cost the equivalent of $300,000 or more and all contracts for equipment and materials estimated to cost the equivalent of $100,000 or more:

   (a) Before bids are invited, the Borrower 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 description of the advertising procedures to be followed for the bidding, 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) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to which it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, 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 the Borrower and state the reasons for such determination.

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

(d) 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.

3. With respect to each contract not governed by the preceding paragraph, the Borrower 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 the analysis of the respective bids, recommendations for award 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 the Borrower and state the reasons for such determination.