

No. 12006

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

Development Credit Agreement—*Fourth Irrigation Rehabilitation Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 9 March 1972

Authentic text: English.

Registered by the International Development Association on 26 September 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

Contrat de crédit de développement — *Quatrième projet relatif à la remise en état du système d'irrigation* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 9 mars 1972

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 26 septembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT dated March 9, 1972, between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (*h*) thereof and to the renumbering of Section 6.02 (*i*) into 6.02 (*h*) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, 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) "PROSIDA" means *Projek Irigasi IDA*, an executive body within the Directorate General of Water Resources Development (hereinafter called the DGWRD) of the Borrower's Ministry of Public Works and Electric Power;

(b) "Groundwater Group" means the Groundwater Group within the DGWRD;

(c) "Project Area" means the irrigation areas (*daerah*) of Banjuwangi, Bondowoso and Lumadjang included in the Province of East Java;

(d) "Irrigation System" means any of the irrigation systems included in Part A of the Project; and

¹ Came into force on 5 May 1972, upon notification by the Association to the Government of Indonesia.

² See p. 310 of this volume.

(e) “Prior Development Credit Agreements” means both the development credit agreement (*Irrigation Rehabilitation Project*) dated September 6, 1968¹ and the development credit agreement (*Third Irrigation Rehabilitation Project*) dated November 6, 1970² between the Borrower and the Association.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to twelve million five hundred thousand dollars (\$12,500,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association 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 under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree: (i) the civil works contracts and construction materials other than steel required for the Project shall be procured under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement; and (ii) other goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Credit shall be procured on the basis of international competition under the same procedures.

Section 2.04. The Closing Date shall be June 30, 1977 or such other date as shall be agreed between the Borrower and the Association.

¹ United Nations, *Treaties Series*, vol. 676, p. 151.

² *Ibid.*, vol. 785, p. 83.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing March 1, 1982 and ending September 1, 2021, each installment to and including the installment payable on September 1, 1991 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound agricultural, engineering, economic and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall through PROSIDA and its appropriate local agencies guide and direct farmers in completing the civil works on each tertiary canal, and on the quaternary canals related thereto, included in the Project and shall complete the works on each such canal, or cause the works on each such canal to be completed, within twelve months after the first fifty meters of each such tertiary canal have been rehabilitated by the Borrower.

(c) Without limitation on the obligations of the Borrower under paragraph *(a)* of this Section, the Borrower shall ensure that sufficient liquid funds to cover the budgeted expenditures estimated by PROSIDA to be made during each quarter for Part A of the Project shall be available to PROSIDA not later than the fifteenth day of such quarter.

Section 3.02. (a) In order to assist the Borrower in the preparation of plans, designs, specifications and contract documents for the works included in Part A of the Project, in the construction supervision of such works, in carrying out the studies included in Parts B and C of the Project,

and in implementing the overseas training programs included in Parts A and B of the Project, the Borrower shall employ consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) Once the study included in Part B of the Project shall have been completed the Borrower shall discuss with the Association (i) the implementation of the findings of the consultants and (ii) the disposition of the drilling rigs used for the study and financed out of the proceeds of the Credit.

(c) Promptly after completion of the study of economic benefits included in Part A 2 of the Project, the Borrower shall consult with the Association on the conclusions of the study.

Section 3.03. Until the Project shall have been completed:

(a) The Borrower shall cause PROSIDA to be at all times adequately staffed with qualified and competent personnel under the supervision of a competent and experienced General Manager, and, to that end, the Borrower shall continue to strengthen PROSIDA's staff.

(b) Before making any new appointment to the position of General Manager of PROSIDA, the Borrower shall inform the Association of the names, qualifications and experience of the persons considered for such appointment and afford the Association a reasonable opportunity to exchange views with the Borrower on the qualifications and experience of such persons.

(c) Without limitation on the obligations of the Borrower under paragraph (a) of this Section, the Borrower shall employ in PROSIDA for the Project Area a qualified and competent Sub-project Manager and on a full-time basis a qualified and competent Deputy Sub-project Manager (Engineering), shall cause such officials to be vested with all necessary powers and authorities, and shall charge such Sub-project Manager, and in his absence his Deputy Sub-project Manager (Engineering), with full responsibility for the rehabilitation and development, and the operation and maintenance during construction, of the Project Area.

(d) The Borrower shall cause PROSIDA to cooperate closely with the extension services of the Borrower's Ministry of Agriculture.

(e) For the purpose of strengthening the extension services in the Project Area of its Ministry of Agriculture, the Borrower shall within twelve months after the date of this Agreement employ in the Project Area under a two-year contract satisfactory to the Association an internationally recruited agricultural extension advisor acceptable to the Association.

Section 3.04. In carrying out Part A 1 of the Project (except for works on tertiary canals beyond the first fifty meters thereof and on quaternary

canals), the Borrower shall employ qualified and experienced contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.05. (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 Credit 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 Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.06. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction and work schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower; (i) shall maintain 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 Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

(c) PROSIDA's and Groundwater Group's accounts to be kept pursuant to paragraph (b) of this Section shall be audited each fiscal year, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Association, and as soon as available, but in any case not later than four months after the end of each such year, the Association shall be furnished with certified copies of such accounts for such year as so audited and the report of such audit by said auditors of such scope and in such detail as the Association shall have reasonably requested.

Section 3.07. The Borrower shall ensure that PROSIDA shall not be engaged in new rehabilitation projects unless the Association is satisfied

that such engagement would not adversely affect the carrying out of the Project or the projects described in Schedule 2 to the Prior Development Credit Agreements.

Section 3.08. (a) Within six months after the date of this Agreement, the Borrower shall furnish to the Association for its concurrence the detailed programs for overseas training of selected engineers or geologists included in Parts A 3 and B 2 of the Project.

(b) Within six months after the date of this Agreement, the Borrower shall furnish to the Association for its review the detailed programs for training of irrigation and agricultural field staff included in Part A 3 of the Project.

Article IV

OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, financial 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.

Section 4.02. The Borrower shall cause all canals, structures, roads, equipment and other facilities of any Irrigation System to be operated and maintained by the Province of East Java and all necessary repairs and renewals thereof to be made from time to time, all in accordance with sound agricultural, engineering and financial policies and practices, and shall cause such action to be taken as shall be reasonably required to ensure the economic use of the water made available by such systems for agricultural development and operations. To that end, the Borrower shall promptly take or cause to be taken such measures to increase the effectiveness of the operation and maintenance of the Irrigation Systems as shall be agreed upon between the Borrower and the Association.

Section 4.03. (a) Within twelve months after the date of this Agreement, the Borrower shall cause an irrigation advisory sub-committee to be established for each administrative sub-district in the Project Area, for the purpose of advising and assisting the existing regency irrigation committees in respect of the operation and maintenance of the Irrigation Systems in such sub-districts. Such sub-committees shall consist of the head of the sub-district in question, farmers, irrigation personnel, agricultural personnel, police and *ulu-ulu's*, and shall function under satisfactory terms of reference.

(b) As each of the Irrigation Systems is rehabilitated, the Borrower shall reinstate or shall cause to be reinstated the *Golongan* system which consists of rotating the dry season water supply for irrigation purposes on an annual basis.

Section 4.04. (a) The Borrower shall take such action as shall be necessary to provide adequate agricultural supporting services in each area benefiting from any of the Irrigation Systems, including provision of agricultural extension services and agricultural inputs (improved seed, fertilizers, pesticides and agricultural credit) in order to encourage the optimum use of irrigation water for agricultural production.

(b) The Borrower shall cause adequate programs to be established and maintained for monitoring the economic benefits of the Project and determining the effectiveness of the supporting services provided pursuant to paragraph (a) of this Section.

Section 4.05. (a) As each of the Irrigation Systems is rehabilitated, the Borrower, through the Province of East Java, shall adopt and thereafter maintain and enforce appropriate legislation for the levy and collection of charges on irrigable agricultural land served by such Irrigation System, or on the users of such land, and shall commence to collect such charges within one year after each such system is rehabilitated. Within two years after each such Irrigation System is rehabilitated such charges shall have reached, and thereafter such charges shall be maintained at, levels adequate to provide the Province of East Java with revenues sufficient to cover the operating and maintenance costs of the Province attributable to such Irrigation System, shall cause all such charges to be paid to the Province, and shall cause the Province to apply the funds so received exclusively to the operation and maintenance of such system.

(b) In the event and to the extent that the funds available to the Province of East Java from its own resources are insufficient to cover the expenditures estimated to be required for continuous operation and maintenance in accordance with Section 4.02 of this Agreement, the Borrower shall, promptly as needed, take such measures as shall be required to cover such expenditures.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial condition of PROSIDA and the Groundwater Group, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition of PROSIDA and the Groundwater Group and, 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 and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof, or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all sites, works, property and equipment entrusted to PROSIDA and the Groundwater Group and any relevant records and documents and to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. The Borrower and the Association agree that if any default shall occur under either of the Prior Development Credit Agreements or this Agreement, and shall continue for the period, if any, therein set forth, the Association may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the credit account opened under any such Agreement.

Article VIII

TERMINATION

Section 8.01. The date of May 10, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.02. The obligations of the Borrower under Article IV of this Agreement shall terminate on a date twenty-five years after the date of this Agreement, or on the date on which the Development Credit Agreement shall terminate, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Post Office Box 21
Djakarta, Indonesia

Cable address:

Ministry Finance
Djakarta

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Indevas
Washington, D.C.

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, as of the day and year first above written.

Republic of Indonesia:

By SJARIF THAJEB
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Civil Works Contracts under Part A of the Project (except for works on tertiary canals beyond the first fifty meters thereof and on quaternary canals)	3,750,000	44% of total expenditures
II. Construction, agricultural and communications equipment, vehicles, and related spare parts and construction materials under Part A of the Project	2,500,000	100% of foreign expenditures and 95% of local expenditures ex-factory
III. Equipment, materials and vehicles for groundwater study	250,000	100% of foreign expenditures and 95% of local expenditures ex-factory
IV. Consultant services and overseas training—groundwater	1,250,000	100% of foreign expenditures
V. Other consultant services and overseas training	2,750,000	100% of foreign expenditures
VI. Unallocated	<u>2,000,000</u>	
TOTAL	<u><u>12,500,000</u></u>	

2. For the purposes of this Schedule:

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

(b) The term "local expenditures" means expenditures in the currency of the Borrower, or for goods procured in, or services supplied from, the territories of the Borrower; and

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures prior to the date of this Agreement; and
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and
- (c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I and of local expenditures under Categories II and III shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following parts:

Part A. Pekalen-Sampean Irrigation Systems

1. *Rehabilitation Works*

The rehabilitation and improvement through PROSIDA of such of the Pekalen-Sampean irrigation systems in East Java as shall be agreed between the Borrower and the Association, to serve at least 79,100 hectares in the Lumadjang irrigation area, 88,200 hectares in the Bondowoso irrigation area and 61,800 hectares in the Banjuwangi irrigation area, as follows:

- (a) rehabilitation of headworks and weirs;
- (b) desilting of primary and secondary canals and repair of canal structures; repairs to canal banks, including sodding as erosion protection and construction of step-landings to control access for domestic purposes; and construction of buffalo wallow ponds on primary and secondary canals;
- (c) rehabilitation of tertiary canals and quaternary canals related thereto and construction of permanent structures on tertiary and permanent head gates for quaternary canals;
- (d) rehabilitation of flood and lava control levees;
- (e) repair of service roads, inspection paths and bridges;
- (f) upgrading of selected semi-technical irrigation systems to technical irrigation systems through the erection of permanent water control structures; and
- (g) operation and maintenance of each irrigation system until completion of its rehabilitation under the Project.

2. *Study of Economic Benefits*

A study of the estimated economic benefits of Part A 1 of the Project including the increase in income of farmers and the possibilities of, and the arrangements for, mobilization of part of such increased income for further development; the study is expected to be completed by March 31, 1975.

3. *Training*

A training program consisting of:

- (a) training, in Indonesian institutes, of irrigation and agricultural field staff in sufficient numbers to ensure the proper operation and maintenance of the irrigation systems included in Part A 1 of the Project; and

(b) overseas training followed by local field training of about six senior engineers of PROSIDA in the planning, design, operation and maintenance of irrigation systems.

4. *Agricultural Extension Services*

Strengthening of the agricultural extension programs of the Borrower's Ministry of Agriculture through technical assistance and the provision of equipment and vehicles.

Part B. Groundwater

1. Investigation, through the Groundwater Group, of the groundwater resources and alternative sources of supplementary water in the Upper Solo and Madiun Valleys in East Java to determine the most economical method of increasing water supply for agricultural production in these areas.

2. Overseas training followed by local field training of about six engineers or geologists in the planning, design, construction and operation of groundwater projects.

Part C. Feasibility Studies

1. A feasibility study for a new irrigation system serving about 15,000 hectares in the Sampean Baru area in East Java.

2. Identification of and feasibility studies for one or more projects for irrigation rehabilitation and surface water storage in Indonesia suitable to benefit from international financial assistance.

The Project is expected to be completed by December 31, 1976.

SCHEDULE 3

PROCUREMENT

1. *Grouping of Contracts.*

Civil works contracts shall be grouped in sufficiently large-sized contracts (with a value of at least \$15,000 equivalent) to attract interest from experienced contractors. Contracts for equipment, vehicles and spare parts, and steel construction material shall be grouped in amounts sufficient to attract international competition.

2. *Large Civil Works Contracts and Contracts for Equipment, Vehicles and Spare Parts, and Steel Construction Material*

With respect to any contract for civil works estimated to cost \$75,000 equivalent or more and for equipment, vehicles and spare parts, and steel construction material:

(a) Bidders for civil works contracts shall be required to prequalify. Only experienced civilian (government or privately owned) contractors shall be pre-qualified. The Borrower shall, before qualification is invited, inform the Association in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of pre-qualified 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 Association for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Association shall reasonably request;

(b) Before bids are invited, the Borrower shall furnish to the Association, 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 procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders;

(c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report, by the consultants referred to in Section 3.02. (a) of this Agreement, on the evaluation and comparison of the bids received, together with the recommendations for award of the said consultants, and the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination;

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

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

3. *Other Civil Works Contracts and Construction Materials*

With respect to any other contract for civil works or construction materials, the Borrower shall furnish to the Association, promptly after its execution and prior

to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract, together with a copy of the record of public opening of bids, the analysis of bids, recommendations for award, a statement of the reasons for any departure from such recommendations, and such other information as the Association shall reasonably request. The Association shall, if it determines that the award of the contract is not consistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

4. *Exceptions to International Competitive Bidding*

Advertisements of bid invitations for civil works contracts and construction materials other than steel may be limited to newspapers of general circulation in the Borrower's country.

5. *Evaluation of Foreign and Local Bids for Vehicles and Spare Parts*

For the purpose of evaluating bids for contracts for vehicles and spare parts and associated services, bid prices shall be determined in accordance with the following rules:

- (a) The term "Local Bid" means a bid submitted by a manufacturer, established in the territories of the Borrower, for such goods manufactured or processed to a substantial extent (as determined by the Association) in the territories of the Borrower; any other bid shall be deemed to be a Foreign Bid.
- (b) The bid price under a Local Bid shall be the sum of the following amounts:
 - (i) the ex-factory price of such goods; and
 - (ii) domestic freight, insurance and other costs of delivery of such goods to the place of their use or installation.
- (c) For the purpose of comparing any Foreign Bid with any Local Bid the bid price under a Foreign Bid shall be the sum of the following amounts:
 - (i) an amount representing the c.i.f. landed price of such goods net of any taxes on their importation, or, in the case of a Foreign Bid for goods manufactured or processed in the territories of the Borrower, the ex-factory price of such goods;
 - (ii) in the case of a Foreign Bid for imported goods, an amount representing any taxes on the importation of the goods into the territories of the Borrower which generally apply to non-exempt importers, or 15% of the c.i.f. landed price of the goods, whichever shall be the lower; or, in the case of a Foreign Bid for goods manufactured or processed in the territories of the Borrower, an amount computed by applying any taxes on the importation of similar goods into the territories of the Borrower which generally apply

to non-exempt importers to the ex-factory price of the goods, or 15% of the ex-factory price of the goods, whichever shall be the lower; and

- (iii) an amount representing domestic freight, insurance and other costs of delivery of the goods to the place of their use or installation.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]
