

LOAN AGREEMENT (SECOND HIGHWAY PROJECT) BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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Note: The Agreement entered into force, December 12, 1973.

Reference: This Agreement is also published in XII DFA TS No. 1, p. 93.

LOAN AGREEMENT

AGREEMENT, dated December 12, 1973, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) The Borrower has requested the Bank to assist in the financing of the foreign exchange cost of the Project described in Schedule 2 to this Agreement by making the Loan as hereinafter provided;

(B) The Borrower has requested the United Nations Development Programme (hereinafter called UNDP) to assist in the financing of Part 6 of the Project: and

WHEREAS the Bank has agreed, on the basis inter alia of the foregoing, to make the loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

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 January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof and, in Section 6.02(i) thereof, of the words "or in the Loan Agreement for the purposes of Section 7.01" (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, 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 term "BPH" means the Bureau of Public Highways of the Borrower.

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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 sixty-eight million dollars (\$68,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule shall be amended from time to time, for expenditures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 and to be financed under the Loan Agreement; provided, however, that, except as the Bank 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 Bank shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Loan, shall be procured on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in April 1972, as revised in October 1972, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ 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 seven and one-fourth per cent ($7\frac{1}{4}\%$) 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 1 and August 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth, in Schedule 3 to this Agreement. .

Section 2.09. If and when the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 2.10. The Secretary of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purpose of Section 8.10 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 appropriate engineering, administrative and financial practices, and shall provide, promptly as needed, the fund, facilities, services and other resources required for the purpose.

(b) Without limitation or restriction upon its obligations referred to in subsection (a) hereof, the Borrower shall promptly take all requisite steps for the acquisition and retention of all such land and rights in respect of land as

may be necessary for the carrying out of the civil works included in the Project.

Section 3.02. In carrying out Parts 4 and 6 of the Project, the Borrower shall employ consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.03. (a) In carrying out civil works under the Project, the Borrower shall employ contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank.

(b) Except as the Bank shall otherwise agree, the general design standards to be used for highways included in the Project shall be as set forth in Schedule 5 to this Agreement.

Section 3.04. The Borrower shall maintain within BPH a special office to assist in the administration of the Project and in the preparation and supervision of other similar projects financed by the Bank or to be presented for external financing, with functions and responsibilities, and minimum staff satisfactory to the Bank, and shall provide said office with such facilities, resources and funds as shall be required for it to carry out its purposes.

Section 3.05. (a) The Borrower undertakes to insure, or make 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 shall otherwise agree, all goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project until its completion.

Section 3.06. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank 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 Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's accredited representatives to examine the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.07. Before procuring the weighbridges included in Part 5 of the Project, the Borrower shall submit to the Bank for its concurrence a plan for their location, installation and operation, including the financing of their operation and maintenance, and shall implement said plan.

Section 3.08. (a) Tolls may be imposed on the Burol-Angeles expressway included in Part 1 of the Project, under procedures to be agreed with the Bank before they are imposed. The system of toll collection shall, unless the Bank agrees otherwise, include the following features:

(i) the collection of tolls shall initially be on an experimental basis;

(ii) the system of collection shall be directly operated by BPH;

(iii) tolls shall be set initially at a level not higher than that required to produce revenues sufficient to cover all expenditures related to the collection of such tolls, maintenance costs and, over 20 years, the local currency component of the capital costs of expressway; and

(iv) the monitoring of the traffic during five years after the expressway is opened to public use, to determine semi-annually whether such tolls are causing diversion of a substantial part of the traffic to alternative roads.

(b) The Borrower undertakes (i) not to make any substantial increase in the agreed levels of such tolls during

the said five years without consulting the Bank; and (ii) if the monitoring under paragraph (a)(iv) above demonstrates that substantial diversion is taking place, to take all steps required to stop such substantial diversion is taking place, to take all steps required to stop such substantial diversion, including the reduction or removal of such tolls.

ARTICLE IV

OTHER COVENANTS

Section 4.01. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Borrower to the Bank, and (ii) undertakes that, except as the Bank shall otherwise agree, if any such lien shall be created, it will ipso facto equally and ratably, and at no cost to the Bank or the holders of the Bonds, secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and in the creation of any such lien express provision will be made to that effect. The Borrower shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "government assets" means assets of the Borrower or of any agency of the Borrower including the Central Bank of the Philippines or any institution performing the functions of a central bank for the Borrower.

(d) The Borrower further undertakes that, within the limits of the laws in force in its territories, it will make the foregoing undertaking effective with respect to liens on the assets of its political subdivisions and their agencies, and to the extent that the Borrower is unable within the limits of the laws in force in its territories to make this undertaking effective, the Borrower will give to the Bank an equivalent lien satisfactory to the Bank.

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Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.03. The Borrower shall: (i) continue to collect, record and analyze in accordance with appropriate statistical methods and procedures such technical, economic and financial information, including traffic data, as shall be reasonably required for proper planning of maintenance, improvement and extension of its national highway system; and (ii) submit to the Bank by December 31, 1974 or such other date as the Bank may agree, a proposal for an information system to collect and process data on all transport modes, as required to plan investments in the transport sector, including a schedule for its implementation, and shall implement such system after affording the Bank a reasonable opportunity to comment thereon.

Section 4.04. The Borrower shall maintain and repair all highways in its national highway system in accordance with sound engineering and financial practices and shall provide, promptly as needed, all funds, equipment,

workshop facilities, labor and other resources required for the purpose.

Section 4.05. The Borrower shall take all necessary steps to ensure that the dimensions and axle loads of vehicles using the highways in its national highway system shall not exceed appropriate to the design standards of the highways.

ARTICLE V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank 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 Loan Agreement, the administration, operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Loan; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. 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 sub-division.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the administration, operations and financial condition, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(b) The Borrower and the Bank shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

ARTICLE VI

TAXES AND RESTRICTIONS

Section 6.01. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or Jaws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 6.02. The Loan Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories and the Borrower shall bear the cost of any such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 6.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds 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 BANK

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 Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

ARTICLE VIII

TERMINATION

Section 8.01. The date February 15, 1974, is hereby specified for the purposes of Section 11.04 of the General Conditions.

ARTICLE IX

REPRESENTATIVE OF THE BORROWER: ADDRESSES

Section 9.01. The Secretary of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

Secretary of Finance
Department of Finance
Manila, Philippines

Cable address:

SECFINANCE
Manila

International Bank – Loan Agreement for Reconstruction and Development – 12 December 1973

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.

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 THE PHILIPPINES

By /s/ Eduardo Z. Romualdez

Authorized Representative

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

By/s/I.P.M. Cargill

Regional Vice President

Asia

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

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

Amount of the
Loan Allocated
Expressed in
(Dollar Equivalent)

% of Expenditures
to be Financed

I. Civil works 43,000,000 55% of total expenditures (representing the estimated foreign expenditure component)

II. Civil works for
minor roads 5,000,000 70% of the final estimated costs to be agreed to the Bank

III. Consultants' services
Under Part 4 of the
9,000,000 100% of foreign expenditures

IV. Weighbridges 500,000 100% of foreign expenditures

V. Unallocated 10,500,000

TOTAL 68,000,000

2. For the purposes of this Schedule 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.

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, except that withdrawals may be made in respect of Category III, on account of expenditures made from January 1, 1973 under Part 4(i), (ii), (iv) and (vi) of the Project in an aggregate amount not exceeding the equivalent of \$650,000; 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 Loan will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Loan 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 Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;

(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 Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures; and

(c) if the Bank shall have reasonably determined that the procurement of any item in Category I, II or IV 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 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.

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 or of the agreed final estimated costs, in the case of Category II, shall increase and no proceeds of the Loan are available for reallocation to such Category, the Bank may, by notice to the Borrower, adjust the percentage then applicable to such expenditures or final estimated costs in order that further withdrawals under such Category may continue until all expenditures there-under shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of:

1. Construction of the expressway from Burol to Angeles with about 5 km. of four lanes, about 46 km. of two lanes and about 6 km. of access roads
2. Reconstruction and improvement of the following national roads:
 - (a) Malinta to Rosario, for a distance of about 200 km.
 - (b) San Fernando to Gapan, for a distance of about 49 km.
 - (c) San Fernando to Olongapo, for a distance of about 57 km.
 - (d) Taytay to Calamba, for a distance of about 136 km.
 - (e) Santo Tomas to Batangas, for a distance of about 43 km.
 - (f) Tagaytay to Las Pifias, for a distance of about 38 km.
 - (g) Tarlac to Lingayen, for a distance of about 81 km.
 - (h) Dagupan to Damortis, for a distance of about 28 km.
 - (i) Santa Barbara to Calasiao, for a distance of about 8 km.
3. Rehabilitation of about 700 km. of minor roads, leading into the national roads included in Part 2 hereof.
4. Retention of consultants' services to (i) provide pre-construction services and supervise construction of the roads mentioned above; (ii) carry out feasibility studies and detailed engineering of about 137 km. of roads included in Part 2 hereof; (iii) carry out detailed engineering of roads to be included in other future projects to be presented to the Bank for financing; (iv) continue the ongoing International Bank – Loan Agreement for Development – 12 December 1973 technical assistance program to BPH; (v) assist the Borrower in assessing the training requirements of BPH's administrative and technical staff, and in formulating a program to improve such training; and (vi) supervise the operations of the special office referred to in Section 3.04.
5. Procurement and installation of weighbridges for control of axle loads on national roads.
6. Retention of consultant's services to carry out reconnaissance and feasibility studies of about 1,800 km. of national and minor roads (such services are expected to be financed by UNDP).

SCHEDULE

AMORTIZATION SCHEDULE

Date Payment Due

Payment of Principal
(expressed in dollars)*

February 1, 1978

780,000

August 1, 1978

810,000

February 1, 1979

840,000

August 1, 1979

870,000

February 1, 1980

900,000

August 1, 1980

935,000

February 1, 1981

965,000

August 1, 1981

1,000,000

February 1, 1982

1,040,000

August 1, 1982

1,075,000

February 1, 1983

1,115,000

August 1, 1983

1,155,000

February 1, 1984

1,200,000

August 1, 1984

1,240,000

February 1, 1985

1,285,000

August 1, 1985

1,335,000

February 1, 1986

1,380,000

August 1, 1986

1,430,000

February 1, 1987

1,485,000

August 1, 1987

1,535,000

February 1, 1988

1,595,000

August 1, 1988

1,650,000

February 1, 1989

1,710,000

August 1, 1989

1,710,000

February 1, 1990

1,835,000

August 1, 1990

1,905,000

February 1, 1991

1,970,000

August 1, 1991

2,045,000

August 1, 1992

2,195,000

February 1, 1993

2,275,000

August 1, 1993

2,355,000

February 1, 1994

2,440,000

August 1, 1994

2,530,000

February 1, 1995

2,620,000

August 1, 1995

2,715,000

February 1, 1996

2,815,000

August 1, 1996

2,915,000

February 1, 1997

3,025,000

August 1, 1997

3,145,000

[*] 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 AND REDEMPTION

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 or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

Time of Prepayment or Redemption

Premium.

Not more than three years before

maturity

3/4%

More than three years but not

more than six years

before maturity

2-1/4%

More than six years but not

more than eleven years

before maturity

3%

More than eleven years but not

more than sixteen years

before maturity

4-1/2%

More than sixteen years but not

more than twenty years

before maturity

5-3/4%

More than twenty years but not

more than twenty-two years

before maturity

6-3/4%

More than twenty-two years

before maturity

7-1/4%

SCHEDULE 4

PROCUREMENT

1. Prequalification of bidders as described in paragraph 1.3 of the Guidelines referred to in Section 2.03 of this Agreement will be used for bidding on road construction under Parts 1 and 2 of the Project and at least 45 days will be allowed for the submission of prequalification documents. Before qualification is invited, the Borrower shall inform the Bank in detail of the procedure to be followed and shall 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 and the Borrower shall make such additions to or deletions from the said list as the Bank shall reasonably request.

2. (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 procedure as the Bank shall reasonably request. Any further substantial modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.

(b) Without limitation on the generality of the foregoing:

(i) For bidding purposes, highways included in the Project will be divided into sections and packages formed of appropriate sections, and qualified contractors will be permitted to bid for one or more such sections and/or for one or more such packages. Contracts will be awarded for the lowest evaluated bid for each section. In the case of packages, contracts will be awarded either on the basis of the lowest evaluated bid for each package or on the basis of the lowest aggregate total of evaluated bids of the sections included in such package, whichever is the lower.

(ii) Non-Philippine contractors will not be required to register in Philippines as a condition of bidding for a contract. Where said registration is required of a non-Philippine contractor after he has been awarded the contract, the Borrower shall take such action as may be practicable to facilitate his registration.

(iii) Prequalified contractors will be given a period of not less than 60 days for submission of bids, which shall be accompanied by a bid bond or bank guarantee in an amount approved by the Bank.

3. 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 whom it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report, by the consultants referred to in Section 3.02 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 Bank 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.

4. (a) The successful bidder shall be required to furnish at his option, either a 100% performance bond or a bank guarantee by an acceptable financial institution in an amount of about 20% of the estimated cost of the contract, which guarantee or bond shall remain in effect until the works specified in the contract are completed.

(b) The contract with the successful bidder shall contain terms and conditions which shall not, without the Bank's concurrence, materially differ from those on which bids were asked, and shall include the following provisions:

(i) the contract shall provide for retention monies of 10% of the cost of works stated in each monthly invoice until 50% of total contract payments have been made, after which retention shall be discontinued. One-half of the retention monies shall be released when all works have been substantially completed. The balance of the retention monies shall be retained until fourteen days after termination of the contractor's responsibility in respect of defects;

(ii) at any time during the warranty periods the contractor shall have the option of substituting a satisfactory bank guarantee for such retention in which case the retention money shall be released to him;

(iii) the warranty period during which the contractor remains responsible in respect of defects in the works (fair wear and tear excepted) shall extend for one year after acceptance of the work.

5. Contracts for Part 3 of the Project may be awarded on the basis of unit prices negotiated with contractors. If reasonable prices cannot be obtained by means of negotiations, such contracts will be awarded under competitive bidding.

6. Contracts for the procurement of weighbridges will be awarded on the basis of international competitive bidding, as provided in the Guidelines. The provisions of paragraphs 2(a) and 3 of this Schedule will apply to the procurement of weighbridges.

7. The Borrower shall furnish to the Bank, promptly after the execution of any contract for civil works or equipment and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contract, two conformed copies of such contract, together with such other information as the Bank shall reasonably, request. The Bank shall, if it determines that the award of the contract is not consistent with the procedures set forth or referred to in this Agreement, promptly inform the Borrower and state the reasons for such determination.

SCHEDULE 5

HIGHWAY DESIGN STANDARD*

Terrain

Flat

Class or Road** 1 2 3 4 5 Expressway

Design speed 60 70 80 100 120

(km/h) 2x7.30

Pavement width

(m) 6.10 6.70 7.00 2x7.30

Median width

(m) 4.00 12.00

Shoulder width

(m) 2.00 2.50 2.50 3.00 3.00

Right of way

(m) 30 60 60 60 60

Stopping sight 2.60

distance (m) 70 90 110 180

Passing sight

distance (m) 350 400 450 600*** 800***

Maximum super-

elevation (%) 6.5 6.5 6 5.5 5.0

Minimum horizontal

Radius (m) 150 200 280 500 750

[*] Structural Design: "Standard Specifications for Highway Bridges" adopted by the American Association of State Highway Officials (AASHO). Loading: HS 20-44 and HS15-44.

Pavement Design: Based on an equivalent standard 8-ttn single axle load.

[**] Class 1 is intended to cover rehabilitation of an existing road of any class, such as improvement of pavement, reshaping of shoulders, repairs and drainage, etc. The vertical and horizontal alignment, are kept basically unchanged.

[***] Only to be applied if constructed as an undivided highway in the initial stage

Terrain

Rolling

Class or Road** 1 2 3 4 5 Expressway

Design speed

(km/h) 50 60 70 90 110

Pavement width

(m) 6.10 6.70 7.00 2x7.30 2x7.30

Median width

(m) 4.00 12.00

Shoulder width

(m) 1.50 2.00 2.00 3.00 3.00

Right of way

(m) 30 60 60 60 60

Stopping sight

distance (m) 760 70 90 150 230

Passing sight

distance (m) 300 350 400 525*** 700***

Maximum super-

elevation (%) 7.5 7.0 6.5 6.0 6.0

Minimum horizontal

Radius (m) 90 140 200 350 550

[**] Class 1 is intended to cover rehabilitation to an existing road of any class, such as improvement of pavement, reshaping of shoulders, repairs of drainage, etc. The vertical and horizontal alignments, however, are kept basically unchanged.

[**] Only to be applied if constructed as an undivided highway in the initial stage.

Terrain

Class or Road** 1 2 3 4 5 Expressway

Design speed

(km/h)

Pavement width

(m) 6.10 6.70 7.00 2x7.30 2x7.30

Median width

(m) 2.00 4.00

Shoulder width

(m) 1.00 1.50 1.50 3.00 3.00

Right of way

(m) 30 60 60 60 60

Stopping sight

distance (m) 50 60 70 120 190

Passing sight

distance (m) 275 300 350 450*** 600***

Maximum super-

elevation (%) 8.5 7.5 7 7 6.5

Minimum horizontal

Radius (m) 50 85 130 240 400

[**] Class 1 is intended to cover rehabilitation of an existing road of any class, such as improvement of pavement, reshaping of shoulders, repairs of drainage etc. The vertical and horizontal alignments, however, are kept basically unchanged. [***] Only to be applied if constructed as an undivided highway in the initial stage.

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