The Procurement Guidelines of

the Japanese Grant Aid

(Type I-G)

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

Table of Contents

PART I Basic Principles
I-1 Introduction4
I-2 Parties Concerned4
I-3 Reporting Requirement5
I-4 Project Modifications
I-5 Safety Considerations
PART II Guidelines for the Use of Consultants
II-1 General6
II-1-1 Consultant
II-1-2 Eligibility6
II-1-3 Recommendation6
II-1-4 Contract for Consulting Services6
II-1-5 Misprocurement7
II-2 Verification of Contract7
II-2-1 General
II-2-2 Reference to the G/A8
II-2-3 Period of Execution8
II-2-4 Contract Price8
II-2-5 Verification of Contract8
II-2-6 Payment Method8
II-2-7 Amendment
PART III Guidelines for Procurement of the Products and Services
III-1 General9
III-1-1 Contractor9
III-1-2 Eligible Source Countries9
III-1-3 Misprocurement9
III-2 Procurement Procedures10
III-2-1 Procurement10
III-2-2 Type of Contract
III-2- 3 Size of Contract
III-2- 4 Prequalification of Tenderers11
III-2-5 Public Announcement11
III-2-6 Language

III-3 Tender Documents 1	12
III-3-1 General1	12
III-3-2 Clarity of Tender Documents 1	13
III-3-3 Pricing and Currency of Tenders1	13
III-3-4 Tender Bond or Guarantee1	14
III-3-5 Method of Tender Evaluation1	14
III-3-6 Conditions of Contract 1	14
III-3-7 Specifications1	15
III-4 Opening of Tenders, Evaluation and Award of Contract 1	15
III-4-1 Time Interval between Invitation and Submission of Tenders 1	15
III-4-2 Procedures for Opening of Tenders	15
III-4-3 Clarification or Alteration of Tenders	16
III-4-4 Process to be Confidential	16
III-4-5 Examination of Tenders	16
III-4-6 Evaluation of Tenders	16
III-4-7 Evaluation Report	16
III-4-8 Rejection of Tenders	17
III-4-9 Award of Contract	17
III-5 Contract and Verification 1	17
III-5-1 General 1	17
III-5-2 Reference to the G/A	17
III-5-3 Scope of Work1	17
III-5-4 Period of Execution1	17
III-5-5 Contract Price 1	18
III-5-6 Verification of Contract1	18
III-5-7 Payment Method1	18
III-5-8 Responsibilities and Obligations of the Recipient	18
III-5-9 Consultation and Resolution Procedures	18
III-5-10 Disputes and Arbitration Procedures	18
III-5-11 Modification Procedure 1	18
III-5-12 Amendment 1	18

PART I Basic Principles

I-1 Introduction

These Guidelines (Type I-G), which are prepared by Japan International Cooperation Agency (hereinafter referred to as "JICA") set forth the general rules to be followed by the Government of the recipient country (hereinafter referred to as "the Recipient") in using Japanese Grant (hereinafter referred to as "the Grant") for the procurement of the products and services for a development project (hereinafter referred to as "the project") which is agreed upon in the Exchange of Notes (hereinafter referred to as "the E/N") between the Government of Japan and the Recipient. These Guidelines are referred to as "Type I-G" and are applicable to the following:

- 1) Grant Aid for General Projects;
- 2) Grant Aid for Fisheries;
- 3) Grant Aid for Cultural Cooperation;
- 4) Grant Aid for Environment and Climate Change;
- 5) Grant Aid for Disaster Prevention and Reconstruction; and
- 6) Grant Aid for Cooperation on Counter-Terrorism and Security Enhancement.

The application of these Guidelines to a particular project funded by the Grant will be stipulated in the Grant Agreement (hereinafter referred to as "the G/A") concluded between JICA and the Recipient.

The rights and obligations of the Recipient and the providers of the products and services for the project are governed by the tender documents, and by the contracts signed by the Recipient with the providers of the products and services, and not by these Guidelines.

I-2 Parties Concerned

In these Guidelines, the Grant Aid means a set of understanding where, based on the E/N between the Government of Japan and the Recipient, JICA concludes the G/A with the Recipient and provides to the Recipient a fund to be expended for procuring the products and services necessary for the implementation of a specific project, whereas the Recipient implements the project using the Grant. The roles of the concerned parties, including the Government of Japan, JICA, consultants and contractors in relation to the implementation of the project under the Grant Aid are understood as follows:

1) the Government of Japan decides the Grant be extended to the Recipient in accordance with the relevant laws and regulations of Japan;

2) JICA extends the Grant to the Recipient in accordance with the relevant laws and

regulations of Japan and within the scope of the E/N and pays serious attention to ensure the accountability on proper and effective use of the Grant for the project:

- the Recipient is the recipient of the Grant, and is responsible for the execution of the project. As the client or the buyer, the Recipient conducts the procurement of the products and services necessary for the project implementation using the Grant provided by JICA;
- 4) the Consultant is the firm who renders services to the Recipient with regard to designing, cost estimating, tendering and supervising the procurement and the construction works for the project in accordance with the contract with the Recipient; and
- 5) the Contractor is the firm who provides the products and services necessary for the project in accordance with the contract with the Recipient.

I-3 Reporting Requirement

The Recipient shall furnish JICA with written reports on the progress of the project execution. The reports shall cover the following phases, and be furnished immediately after each phase is completed. The details of the reporting procedures will be advised by JICA to the Recipient.

- preparation of Tender Documents (including Tender Notice, Prequalification documents, Report on Detailed Design and the Breakdown of the Estimated Cost, where applicable);
- 2) tender Evaluation Results;
- 3) preparation of Contract Documents;
- 4) final Inspection; and
- 5) inspection against hidden defects

I-4 Project Modifications

The Grant shall be used exclusively for procuring the products and services necessary for the project, the outline design of which is confirmed between JICA and the Recipient prior to the conclusion of the G/A. The Recipient shall, therefore, implement the project in accordance with the outline design. If unpredicted circumstances, however, require any modifications of the project, as illustrated below except minor modifications, the Recipient through the consultant shall obtain prior consent from JICA. The criteria for the acceptability as minor modifications are set by JICA separately. The details of the procedures for project modifications will be advised by JICA. The prior consent for the modifications is conducted by JICA to ensure that the modifications for the project are appropriate and whether any modifications are required on the contract price or not, however it does not mean that

JICA will assume the legal or technical responsibilities for the substance of the modifications.

- 1) obvious change in appearance of the building or facilities;
- 2) change of project sites;
- 3) change of major structure and/or strength of the building or facilities;
- change of dimensions of the building or facilities or change on weight of the vessels;
- 5) change in quality or quantity of major equipment;
- 6) change that requires amendment of the verified contract; and
- 7) other changes for which JICA deems the prior consent necessary.

I-5 Safety Considerations

The Recipient shall comply with all the applicable safety regulations and pay full attention to all the safety measures.

PART II Guidelines for the Use of Consultants

II-1 General

II-1-1 Consultant

The Recipient will enter into contract with the Consultant for consulting services with regard to the designing, tendering, cost estimating and supervising the procurement and construction works for the project.

II-1-2 Eligibility

In accordance with the E/N and the G/A, the Consultant shall be a Japanese national. The term "Japanese national" whenever used in these Guidelines means a Japanese physical person or a Japanese juridical person controlled by Japanese physical persons.

II-1-3 Recommendation

The Consultant is selected by JICA, and is recommended to the Recipient for each project. The recommendation is to expedite implementation of the project by ensuring the technical consistency from the outline design of the project. The recommendation of the Consultant by JICA to the Recipient does not mean that JICA shall assume the responsibilities which the Consultant shall bear to the Recipient on the basis of the Contract.

II-1-4 Contract for Consulting Services

The Consultant shall esteem the ownership of the Recipient and render services to

the Recipient with due diligence and sound technical judgment. The scope of consulting services provided by the Consultant will include the following:

- 1) to conduct the detailed design study for the project;
- 2) to assist the Recipient in conducting the procurement in fair and proper manner;
- to provide appropriate supervision and guidance, on behalf of the Recipient, to the contractor;
- to conduct inspections on the products and services in the course of the project implementation, including cargo inspection contracted out to an inspection organization; and
- 5) to conduct inspections at the completion stage and at the end of the warranty period.

II-1-5 Misprocurement

JICA requires that, under contracts funded by the Grant, the consultant observe the highest standard of ethics during the procurement and execution of such contracts. In this regard, JICA will recognize a consultant as ineligible, for a period determined by JICA, to be awarded a contract funded by the Grant if, at any time, it determines that the consultant has engaged in corrupt or fraudulent practices in executing any other contracts funded by the Grant or other Japan's Official Development Assistance (hereinafter referred to as "ODA").

When JICA receives information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution, of the contract funded by the Grant, the Recipient shall provide JICA with such information as JICA may reasonably request, which includes information related to any concerned official of the government and/or public organizations of the Recipient's country.

The Recipient shall not unfairly or unfavorably treat the physical persons and juridical persons, that provided the information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution of, the contract funded by the Grant to JICA and/or the Recipient.

II-2 Verification of Contract

II-2-1 General

The contract concluded between the Recipient and the Consultant shall be verified by JICA to be eligible for the Grant. The contract, which is prepared as two identical documents, shall be submitted to JICA by the Recipient through the Consultant. JICA shall conduct an examination and confirm whether or not the contract is concluded in conformity with the G/A and these Guidelines and verify the contract.

II-2-2 Reference to the G/A

The contract shall refer to the G/A as follows: "JICA extends its grant to the Government of (name of recipient country) in accordance with the G/A concluded on (day, month, year) between JICA and the Recipient concerning the (name of the project)."

II-2-3 Period of Execution

The contract shall clearly stipulate the period for the provision of consulting services. The period shall not exceed the term of validity of the Grant as prescribed in the G/A (or documents exchanged for the purpose of extending the term).

II-2-4 Contract Price

The total amount of the contract price shall not exceed the amount of the Grant specified in the G/A. Each contract price shall be precisely and correctly stated in Japanese yen in the contract using both words and figures. If there is a discrepancy between the price in words and that in figures, the price in words is deemed correct.

II-2-5 Verification of Contract

The contract shall clearly state that it shall be verified by JICA to be eligible for the Grant in accordance with the provisions of the G/A.

II-2-6 Payment Method

The Recipient shall conclude a Banking Arrangement (hereinafter referred to as "B/A") with a bank in Japan immediately after concluding the G/A in order to make payment in accordance with the verified contract. In accordance with the G/A, the contract shall have a clause stating that "payment shall be made in Japanese yen through a bank in Japan under an Authorization to Pay (hereinafter referred to as "A/P") issued by the Government of (name of the recipient country) or its designated authority".

Payment shall be made in accordance with the criteria stipulated by JICA.

II-2-7 Amendment

If the contract requires amendment, it shall be done in the form of an amendment of contract, referring to the contract presently in force identified by its verification date and number. The amendment of contract shall clearly state that:

- 1) all the clauses except that which is/are amended, remain unchanged; and
- 2) the amendment of contract shall be verified by JICA to be eligible for the Grant.

PART III Guidelines for Procurement of the Products and Services

III-1 General

III-1-1 Contractor

The Contractor shall be Japanese nationals who are capable of procurement of the products and services in proper manner under the Grant.

III-1-2 Eligible Source Countries

To be eligible for procurement under the Grant Aid, the products shall be those produced in eligible source countries, the scope of which is set forth in the G/A. Procurement from countries other than Japan or the recipient country can be made in accordance with the G/A with the prior consent of JICA.

III-1-3 Misprocurement

JICA requires that, under contracts funded by the Grant, tenderers and the Contractor observe the highest standard of ethics during the procurement and execution of such contracts. In this regard, JICA will not verify the contract if it determines that the Contractor has engaged in corrupt or fraudulent practices in competing for the contract in question. JICA will recognize a firm as ineligible, for period determined by JICA, to be awarded a contract funded by the Grant if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing any other contracts funded by the Grant or other Japan's ODA.

When JICA receives information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution of, the contract funded by the Grant, the Recipient shall provide JICA with such information as JICA may reasonably request, which includes information related to any concerned official of the government and/or public organizations of the Recipient's country.

The Recipient shall not unfairly or unfavorably treat the physical persons and juridical persons, that provided the information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution of, the contract funded by the Grant to JICA and/or the Recipient.

When the authorities concerned of the Government of Japan decide to impose against a firm such administrative sanctions as debarment, exclusion of goods manufactured, etc., from Japanese governmental procurement, JICA may ask the Recipient to exclude the goods manufactured by the sanctioned firm from the procurement under the Grant, for the period of the sanctions by such authorities concerned of the Government of Japan.

III-2 Procurement Procedures III-2-1 Procurement

(1) Competitive Tendering

The Grant shall be used with due attention to economy and efficiency as well as non-discrimination among tenderers who are eligible to provide the products and services.

Competitive tendering is considered to be the best procedure to satisfy these principles.

(2) Procurement Procedures other than Competitive Tendering

Alternative procedures can be used with the prior consent of JICA, when particular circumstances render competitive tendering inappropriate. These alternatives can be used under the following circumstances:

- 1) where the Recipient demonstrates adequate reasons for procurement of spare parts for existing equipment;
- where the Recipient demonstrates adequate reasons to maintain the continuity of services being provided under an existing contract;
- 3) where the number of qualified suppliers or contractors is extremely limited;
- 4) where the scale of procurement is so small that it is duly doubtful that potential tenderers would be interested, and the advantages of competitive tendering would be outweighed by the administrative burdens involved; or
- 5) where emergency procurement is required.

In the above-mentioned cases, the following procurement procedures may, as appropriate, be used provided that such use is in a manner that complies with the Competitive Tendering procedures to the fullest possible extent:

1) Selective Tendering; or

2) Direct Contracting

III-2-2 Type of Contract

The contract shall be concluded on the basis of a lump sum price.

III-2-3 Size of Contract

In the interest of obtaining the broadest possible competition, any contract for which a tender is invited should, whenever possible, be of a size large enough to attract tenderers.

On the other hand, if it is technically and administratively possible to divide the

project into two or more contracts, and if such division is likely to result in the broadest possible competition, the project should be so divided.

III-2-4 Prequalification of Tenderers

Prequalification may be conducted for large or complex work and, exceptionally, for custom-designed equipment or specialized services to insure, in advance of tendering, that the invitation to tender is to be extended only to those who are capable. Prequalification should be conducted not to limit the tenderes but to confirm the capability and resources of potential tenderers to perform the particular work satisfactorily and should not hinder the objective of the Competitive Tendering. The following may be taken into account for Prequalification, in particular:

1) their experience and past performance under similar contracts;

2) their experience and past performance in the overseas countries;

3) their potentialities to use necessary personnel, equipment and facilities; and

4) their financial position.

The invitation to prequalification for a specific contract shall be publicly announced and notified as described in paragraph III-2-5 below. A clear statement of the scope of the contract and the requirements for qualification shall be sent to all those who wish to be considered for prequalification. As soon as prequalification is completed, the tender documents shall be issued to the qualified tenderers. All such tenderers that meet the specified criteria shall be allowed to tender.

III-2-5 Public Announcement

Public announcement shall be carried out in such a way that all potential tenderers will have fair opportunity to learn about and participate in the tender. Invitation to prequalification or to tender should be advertised in at least one newspaper in general circulation, and if any, in the official gazette in the recipient country or a general circulation newspaper in its neighboring countries or Japan. Items to be included in the public announcement are:

- 1) name of the Project;
- 2) brief description of the Project;
- 3) name of the executing agency of the Project;
- 4) qualification required of tenderer;
- 5) date, time and place of the delivery of tender documents (date, time and place of the delivery of prequalification documents, in case of prequalification); and
- 6) other relevant and important information that potential tenderers may need to determine whether to submit a tender.

III-2-6 Language

The tender invitation, tender documents, and contracts should be prepared in English, French or Spanish. In case that an announcement is made in a newspaper in circulation in Japan, Japanese translation shall be attached when possible.

III-3 Tender Documents

III-3-1 General

Tender documents should provide all information necessary to enable tenderers to prepare valid offers for the products and services to be procured. They should generally include:

- 1) instruction to tenderers;
- 2) form of tender;
- 3) conditions of contract;
- 4) technical specification; and
- 5) necessary appendices, etc.

Before tenders are invited, the Recipient shall furnish to JICA for its review, draft tender documents, including the invitation to tender; instructions to tenderers, including the basis of tender evaluation and contract award; and the conditions of contract.

Tender documents shall refer to the Grant and to corrupt or fraudulent practices as follows:

 "for the purpose of contributing to the execution of (name of the project stipulated in the Exchange of Notes) by the Government of (name of the recipient country), JICA will extend a grant to the Government of (name of the recipient country) in accordance with the G/A signed on (day, month, year)."; and

2)"JICA requires that, under contracts funded by the Grant, tenderers and the Contractor observe the highest standard of ethics during the procurement and execution of such contracts. In this regard, JICA will not verify the contract if it determines that the Contractor has engaged in corrupt or fraudulent practices in competing for the contract in question. JICA will recognize a firm as ineligible, for a period determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing any other contracts funded by the Grant if, at any time, it determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing any other contracts funded by the Grant or other Japan's ODA. When JICA receives information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution of, the contract funded by the Grant, the Recipient shall provide JICA with such information as JICA may

reasonably request, which includes information related to any concerned official of the government and/or public organizations of the Recipient's country. The Recipient shall not unfairly or unfavorably treat the physical persons and juridical persons, that provided the information concerning suspected corrupt or fraudulent practices in the competition for, or in the execution of, the contract funded by the Grant to JICA and/or the Recipient. When the authorities concerned of the Government of Japan decide to impose against a firm such administrative sanctions as debarment, exclusion of goods manufactured, etc., from Japanese governmental procurement, JICA may ask the Recipient to exclude the goods manufactured by the sanctioned firm from the procurement under the Grant, for the period of the sanctions by such authorities concerned of the Government of Japan.".

If a fee is charged for the tender documents, it should be reasonable and reflect the cost of their production, and should not be so high as to discourage potential tenderers.

III-3-2 Clarity of Tender Documents

Tender documents should be so worded as to permit and encourage competitive tendering.

They should describe as clearly as possible the products and services to be procured, qualification required of the tenderer, eligible sources countries, size of contract, the place and timing of delivery and/or installation, insurance, transportation, bond, warranty and tax exemption (or tax to be borne by the government of the recipient country without using the Grant) described in the G/A as well as other pertinent terms.

In addition, the tender documents, where appropriate, should define the tests, standards, and methods to be employed to judge conformity of the products and services to be procured with the required specification.

Drawings should be consistent with the text of the technical specifications.

Any additional information, clarification, correction of errors or alteration of tender documents should be promptly sent to all those who have requested the original tender documents in ample time before the date of tender submission so that tenderers can take appropriate action.

III-3-3 Pricing and Currency of Tenders

Tender documents shall clearly mention the following:

- 1) the tender price shall be stated in Japanese Yen on the basis of a lump sum price, in conformity with the specification stipulated in the tender documents; and
- 2) the tender price must be firm and final.

III-3-4 Tender Bond or Guarantee

The amount of tender bond or other tender guarantees, if required, should not be set so high as to discourage potential tenderers.

The tender bond or other guarantees should be released to unsuccessful tenderers as soon as possible after the award of contract.

III-3-5 Method of Tender Evaluation

Tender documents should clearly state the method of tender evaluation. The statement shall include the following:

"the tenderer who, in compliance with the conditions and specifications stipulated in the tender documents, offers the lowest price shall be designated as the successful tenderer.

In case the tender is divided into several packages, the statement shall include the following; "The tender evaluation shall be done separately."

III-3-6 Conditions of Contract

The tender documents should clearly define the conditions of contract such as the rights and obligations of the Recipient and the Contractor.

(1) Terms of Payment

The conditions of contract should state the terms of payment. In general, the terms of payment should be as follows:

- in the case of contract for supply of the products other than those mentioned in 2) below, the payment for the products will be made upon the completion of the shipment of the contracted products; and
- in the case of a contract for complex work for construction, or shipbuilding, or custom-designed equipment, a reasonable advance payment and/or regular progress payments may be applicable.

(2) Warranties

The conditions of contract should clearly state the time of commencement and the period of any warranties if those warranties are required.

(3) Performance Bond or Guarantee

The Contractor may be required to post a performance bond or guarantee. Such a bond or guarantee should be of a reasonable amount and should be released as soon as possible after the completion of the shipment of the contracted goods or of the services required under the contract.

(4) Force Majeure

The conditions of contract should contain a clause stating that failure on the part of the Contractor to fulfill obligations under the contract would not be considered a default if such failure is the result of an event of force majeure. The scope of force majeure should be defined in the conditions of contract.

(5) Settlement of Disputes

Provisions dealing with the settlement of disputes should be included in the conditions of contract. It is advisable that the provisions be based on "the Rules of Arbitration" prepared by the International Chamber of Commerce.

III-3-7 Specifications

(1) Clarity

Specifications should set forth as clearly and precisely as possible the products and services to be supplied and the place of delivery or installation.

Drawings should be consistent with the text of specifications; where they are not, the text shall govern. The specifications should identify the main factors or criteria to be taken into account in evaluating tenders. The specifications should be so worded as to permit and encourage the broadest possible competition.

(2) Brand Names

Technical specifications should be based on relevant characteristics and performance requirements.

Reference to brand names, catalogue numbers or similar classifications should be avoided unless in the case of procurement of particular spare parts.

(3) Standards

In the event that specifications require the products to comply with industrial standards, specifications in the tender document should state that the products meeting the Japan Industrial Standards (hereinafter referred to as "JIS") or other internationally accepted standards which insure an equal or higher quality than the standards mentioned will also be accepted.

III-4 Opening of Tenders, Evaluation and Award of Contract III-4-1 Time Interval between Invitation and Submission of Tenders

The time allowed for preparation and submission of the tenders should be determined with due consideration of the particular circumstances of the project, and the size and complexity of the contract. Generally, the deadline for the submission of tenders should be set at least forty-five days after the date when tender documents are made available for potential tenderers.

III-4-2 Procedures for Opening of Tenders

The date, time and place of the latest receipt as well as those of the tender opening

should be announced at the time of invitation. All tenders should be opened in the presence of tenderers or their representatives at the fixed time and place. Tenders received after the announced deadline should not be considered and should be returned unopened. The names of the tenderers and total amount of each tender should be read aloud and recorded.

III-4-3 Clarification or Alteration of Tenders

No tenderer should be permitted to alter its tender after the tenders have been opened.

Clarifications without changing the substance of the tender may be accepted. The Recipient may ask any tenderer for clarification on its tender submitted, but should not ask any tenderer to change the substance or price of the tender.

III-4-4 Process to be Confidential

After the public opening of the tenders, information relating to the examination, clarification and evaluation of tenders and recommendations concerning award should not be disclosed to tenderers or other persons not officially concerned with the process, until the award of contract is announced.

III-4-5 Examination of Tenders

Following the opening of tenders, it should be ascertained that (i) computations are free of material errors, (ii) the tenders are substantially responsive to the tender documents, (iii) the required certificates have been provided, (iv) the required securities have been provided, (v) documents have been properly signed, and (vi) the tenders are consistent with the instructions of the tender documents. If a tender does not substantially conform to the specifications, or contains inadmissible reservations or is otherwise not substantially responsive to the tender documents, it should be rejected. A technical analysis should then be made to evaluate each responsive tender and to enable tenders to be compared.

III-4-6 Evaluation of Tenders

Tender evaluation shall be consistent with the terms and conditions stated in the tender documents. Those tenders which substantially conform to the technical specifications, and are responsive to other stipulations of the tender documents, shall be judged solely on the basis of the submitted price, and the tenderer who offers the lowest price shall be designated as the successful tenderer.

III-4-7 Evaluation Report

The Recipient shall, before a final decision on the award is made, furnish JICA with a detailed evaluation report of tenders, giving the reasons for the acceptance or rejection of tenders.

III-4-8 Rejection of Tenders

Any tenders should not be rejected nor a new tender be invited using the same specifications solely for the purpose of obtaining lower prices in the new tender, except in the case where the lowest tender exceeds the cost estimates. Rejection of any tenders may only be justified when tenders do not comply with the tender documents.

If all tenders are rejected, the Recipient should review the causes of the rejection, and consider revision of the specifications called for in the original invitation to tender.

III-4-9 Award of Contract

The contract shall be awarded within the period specified for the validity of the tender, to the tenderer who, in compliance with the conditions and specifications stipulated in the tender documents, offers the lowest price.

No tenderer shall be required, as a condition of the award, to bear responsibilities or undertake services not stipulated in the tender documents.

III-5 Contract and Verification

III-5-1 General

The Recipient shall enter into contract(s) with Japanese contractor(s) in accordance with the G/A. The contract(s) thus concluded shall be verified by JICA to be eligible for the Grant. The contract, which is prepared as two identical documents, shall be submitted to JICA by the Recipient through Consultant or Contractor. JICA shall conduct an examination and confirm whether or not the contract is concluded in conformity with the G/A and these Guidelines and verify the contract.

III-5-2 Reference to the G/A

The contract shall refer to the G/A as follows;

"JICA extends its grant to the Government of (name of the recipient country) in accordance with the G/A concluded on (day, month, year) between JICA and the Recipient concerning the (name of the project)."

III-5-3 Scope of Work

The contract shall clearly state all products and services to be procured under the Grant.

In case that a contract includes the products or the services which are not covered by the G/A, such a contract shall not be verified by JICA.

III-5-4 Period of Execution

The contract shall clearly stipulate the period of execution of work. That period shall

not exceed the term of validity of the Grant as prescribed in the G/A (or documents exchanged for the purpose of extending the term).

III-5-5 Contract Price

The total amount of the contract price shall not exceed the amount of the Grant specified in the G/A. The contract price shall be precisely and correctly stated in Japanese yen in the contract using both words and figures. If there is a discrepancy between the price in words and that in figures, the price in words is deemed correct.

III-5-6 Verification of Contract

The contract shall clearly state that it shall be verified by JICA to be eligible for the Grant in accordance with the stipulations of the G/A.

III-5-7 Payment Method

In accordance with the G/A, the contract shall have a clause stating that "payment shall be made in Japanese yen through a bank in Japan under an Authorization to Pay (A/P) issued by the Recipient or its designated authority". Payment shall be made in accordance with the criteria stipulated by JICA.

III-5-8 Responsibilities and Obligations of the Recipient

The contract shall clearly state the responsibilities and obligations of the Recipient in accordance with the G/A.

III-5-9 Consultation and Resolution Procedures

The procedures for consultation and resolution shall be clearly stipulated for both cases that the damage is ascribed to the Client or the Consultant/the Contractor and that the damage is ascribed to Force Majeure.

III-5-10 Disputes and Arbitration Procedures

The procedures for disputes and arbitration shall be clearly stipulated.

III-5-11 Modification Procedure

The procedures for the modification deemed necessary by the Recipient and/or Contractor and for the possible modification of the period of construction, contract price, etc. caused by the modification shall be clearly stipulated.

III-5-12 Amendment

If the contract requires amendment, it shall be done in the form of an amendment of contract, referring to the contract presently in force identified by its verification date and number.

The amendment of contract shall clearly state that;

- 1) all the clauses except that which is or are amended, remain unchanged; and
- 2) the amendment of contract shall be verified by JICA to be eligible for the Grant.

*If application of these Guidelines is inconsistent with the laws and regulations of the Government of the recipient country, the Government of the recipient country is requested to consult with JICA.