

(Provisional Translation)

**Procurement Guidelines for
Japan's Official Security Assistance**

April, 2023

Ministry of Foreign Affairs of Japan

PART I. Basic Principles

I. Introduction

These Guidelines set forth the general rules to be followed in the procurement of products and services through Japan's Official Security Assistance (hereinafter referred to as "OSA") which is agreed upon by the Exchange of Notes (hereinafter referred to as "the E/N") between the Government of Japan and the Government of the recipient country (hereinafter referred to as "the Recipient" that is defined in II. 2 below).

The application of these Guidelines shall be stipulated in the Procedural Details (hereinafter referred to as "the P/D") signed together with the E/N between the Government of Japan and the Recipient.

The rights and obligations of the Recipient, procurement agent (hereinafter referred to as "the Agent") and the supplier of products and services for OSA (hereinafter referred to as "the Supplier" that is defined in II. 4. below) are stipulated by the contract concluded between the Recipient and the Agent (to be referred to as "employment contract" in the P/D and hereinafter referred to as "the Agent Agreement"), the tender documents and the contracts concluded between the Agent and the Supplier, and not by these Guidelines.

II. Parties Concerned

In these Guidelines, the relations among the Government of Japan, the Recipient, the Agent and the Supplier are stipulated as follows:

1. The Government of Japan is the provider of the Grant for OSA.
2. The Recipient is the beneficiary of the Grant and is responsible for the execution of OSA.

The Recipient entrusts the Agent with the procurement of products and services.

3. The Agent is an impartial and specialized organization that provides procurement services of products and services on behalf of the Recipient according to the Agent Agreement with the Recipient. The Agent is recommended to the Recipient by the Government of Japan and agreed between the two Governments in the P/D.
4. The Supplier is the provider of products and services for OSA in accordance with the contract with the Agent.

III. Safety Considerations

The Recipient, the Agent and the Supplier shall comply with all applicable safety rules and pay utmost attentions in all security measures.

Part II. Procurement Agent

I. General

1. Role of the Agent

The Agent shall conduct the procurement services of products and services for OSA on behalf of the Recipient. The Agent shall render services with due expertise and in a fair and impartial manner to ensure the smooth and proper execution of OSA in order to contribute to fulfilling the purpose of the assistance.

The Agent shall work to maintain rights and interests of the Recipient and maximize the impacts of Japan's assistance. The Agent is also required to act paying attention to minimizing the burden of the Recipient.

2. Agent Agreement

The Recipient shall conclude an Agent Agreement with the Agent immediately after the date of entry into force of the E/N, in accordance with the P/D.

After the approval of the Agent Agreement by the Government of Japan in a written form, the Agent shall conduct services referred to paragraph 3 below on behalf of the Recipient.

3. Services of the Agent

The Agent shall conduct the services stipulated in the Appendix II of the P/D.

II. Approval of the Agent Agreement

1. General

A copy of the Agent Agreement, which is prepared as two identical documents, shall be submitted to the Government of Japan by the Recipient through the Agent. The Government of Japan will confirm whether the Agent Agreement is concluded in conformity with the E/N, the P/D and these Guidelines, and then will approve the Agent Agreement.

The Agent Agreement shall become effective after the approval by the Government of Japan in a written form.

2. Reference to the E/N

The Agent Agreement shall refer to the E/N as follows: "the Government of Japan executes Official Security Assistance to the Government of (name of recipient country) in accordance with the E/N signed on (date of signature) between the two Governments".

3. Scope of the Services

The scope of the Agent's services shall be clearly specified in the Agent Agreement. The Agent Agreement with the scope of Agent's services in conflict with the E/N and the P/D shall not be approved by the Government of Japan.

4. Completion of the Services

The Agent Agreement shall clearly state that when the entire amount of the fund transferred from the Recipient's Account in the name of the Recipient at a Bank in Japan (hereinafter referred to as "the Recipient Account") to the Account in the name of the Agent (hereinafter referred to as "the Procurement Account") has been paid for the procurement of products and services, or when the remaining amount of the said fund has been refunded to the Government of Japan, the Agent's services shall be regarded as complete.

5. Agent's Fees

The amount and currency or calculations of Agent's fees shall be precisely and correctly stated in the Agent Agreement.

6. Approval of the Agent Agreement

The Agent Agreement shall clearly state that it shall become effective after the approval by the Government of Japan in a written form.

7. Payment Methods

The Agent Agreement shall stipulate that "regarding all transfers of the fund to the Agent, the Recipient shall designate the Agent to act on behalf of the Recipient and issue a Blanket Disbursement Authorization (hereinafter referred to as "the BDA") to conduct the transfer of the fund (hereinafter referred to as "Advances") to the Procurement Account from the Recipient Account."

The Agent Agreement shall clearly state that the payment to the Agent shall be made in Japanese yen from the Advances and that the final payment to the Agent shall be made after the entire completion of each programme, which is, after submission of final report made by the Agent after completion of a defect inspection carried out by the Agent in one year after the completion of all deliveries and/or hand-over of products and services or of installation works and/or training service when necessary.

8. Force Majeure

The Agent Agreement shall contain the clause stipulating, "failure on the part of the Agent to fulfill obligations under the Agent Agreement would not be considered a default if such a failure is the result of an event of force majeure defined in the conditions of the Agent Agreement."

9. Responsibilities and Obligations of the Recipient

The Agent Agreement shall clearly state the responsibilities and obligations of the Recipient in accordance with the E/N.

10. Amendment of the Agent Agreement

If an amendment of the Agent Agreement is required, the amended Agent Agreement shall clearly state that:

- (1) all the clauses except that, which is amended, remain unchanged.
- (2) the amendment of the contract shall become effective only after the approval by the Government of Japan in a written form.

11. Defect Inspection

The Agent shall conduct, in the presence of personnel of the authorities concerned of the Recipient, defect inspection for products and services at the delivery site(s) and/or the operation site(s) of products and services in one year after the completion of all deliveries, hand-over of products and services, installation works and/or training service when necessary. In case that the Agent cannot carry out defect inspection during the above-mentioned period, taking into account of the nature or characteristic of products etc., the timing of implementation for defect inspection can be rescheduled under the consent of the Recipient.

The Supplier shall accompany to the above-mentioned inspection when necessary. In case that classified information is contained in the information obtained from inspection, all legal persons and natural persons involved in the inspection, including the Agent and the Supplier, shall strictly take care of them as the classified information and shall not be disclosed to public. The above-mentioned information obtained during the inspection shall be used only for the smooth implementation of the inspection and for the necessary measures to be taken in case that it is deemed appropriate to restore products and services to its original conditions. The Agent, the Supplier and any other legal persons and natural persons involved in the inspection shall take appropriate measure when the Recipient requests return and/or disposal of information accordingly after the completion of the purpose of defect inspection. Even in case that the Recipient does not request the return and/or disposal of information, all the parties related to defect inspection shall take necessary measures to ensure non-leakage of information to the third parties.

After the completion of inspection, the Agent shall submit a designated number of copied of inspection report to the Government of Japan and the Recipient. The language of the report shall be, in principle, Japanese and English, unless the Recipient requests French or Spanish. The inspection report attached with the pictures during the inspection fully covers the actual conditions of products and services, operation site(s), delivery site(s), storage site(s), management system, future plan, name/title/name of division and organization/contact information of person in charge of the Recipient, date(s) of inspection and any issues found during the inspection .

In case that any defects and/or problems are found during the inspection, the Agent shall research and investigate those reasons caused. In case that it is judged, from a neutral view, that they should be restored to the original conditions as those defects and/or problems are not caused by any negligence manners of the Recipient, the Agent shall take necessary measures

such as restoration of products and services for the Recipient in consultation with the Recipient. The Agent shall submit an inspection report to the Government of Japan and the Recipient in the manner described above after the completion of taking measures.

The defect inspection shall be conducted in accordance with agreed manners and methods between the two Governments in case that there are any mutual consents about the conditions of inspection between them.

12 Audit

The Agent shall arrange for an audit of financial and accounting record of the Procurement Account by external independent third-party auditor immediately after the completion of the services stipulated in 4. above and submit its results report to the Government of Japan. The cost related to the audit shall be borne by the Agent. The Government of Japan may open, the submitted audit results except for the information considered as to be classified, to the public.

Part III. Procedures for the Procurement of Products and Services

I. General

1. Products and Services Eligible for Procurement

Products and services to be procured shall be selected from those defined in the E/N and the P/D.

The quantity of each product and service to be procured shall not exceed the limits of the quantity for each item agreed upon between the Recipient and the Government of Japan.

2. Supplier

The Supplier shall be met to the requirements and conditions specified in the tender documents.

3. Misprocurement

The Government of Japan requires that, under contracts funded by the Grant, the Suppliers observe the highest standard of ethics during the procurement and execution of such contracts. In this regard, the Government of Japan shall demand that the Recipient and the Agent shall reject a tender if it determines that a tenderer has engaged in corrupt or fraudulent practices in competing for the contract in question. The Government of Japan shall recognize a Supplier as ineligible, for a period determined by the Government of Japan, to be awarded a contract funded by the Grant if it at any time determines that the Supplier has engaged in corrupt or fraudulent practices in competing for, or in executing any other contracts funded by the Grant, other Japan's ODA and/or OSA in accordance with the Guidelines set by the Ministry of Foreign Affairs of Japan and other instructions.

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

II. Details of Procurement Procedures

1. Transfer of the fund

The Agent shall take necessary measures for transferring the fund necessary for the procurement of products and services from the Recipient Account to the Procurement Account prior to the procurement procedures (The fund transferred to the Procurement Account is mentioned as "the Advances").

2. Method of Procurement

(1) Competitive Tendering

In implementing procurement of the products and services, competitive tendering shall be

applied in principle. In this case, much attention shall be paid so that there is no unfairness among tenderers who are eligible for the procurement of products and services. Tenderers shall be capable to procure the products and services properly and shall comply with the conditions stipulated in the tender documents.

(2) Other Procurement Methods

If competitive tendering is deemed inappropriate or impractical due to any of the following special situations, the Agent is permitted to proceed with procurement on selective tendering¹, comparison of quotations² or direct contracting³:

- 1) When only limited manufacturer produces or handles those limited item(s) such as spare parts, accessories, etc. for existing equipment/item(s) (In this case direct contracting is expected).
- 2) When there are adequate reasons to maintain uniformity and continuity of the products and services provided under an existing contract(s) (In this case direct contracting is expected).
- 3) When the number of eligible suppliers to satisfy the conditions is limited (In this case selective tendering or comparison of quotations is expected).
- 4) When it is doubtful whether most of the prospective tenderers would be interested in participating in competitive tendering for that the advantages of competitive tendering would be impeded for the much administrative burdens such as the case that the contract price is much small (In this case selective tendering or comparison of quotations is expected).
- 5) Part or all of the tender procedure was not successfully completed and re-tendering is implemented (In this case selective tendering or comparison of quotations is expected).
- 6) When emergency procurement is required for the assistance for natural disasters or humanitarian assistance (In this case selective tendering or comparison of quotations is expected).
- 7) When there are any proper reasons for not disclosing the details of the procurement of products and services as it would cause serious issues due to its disclosure (In this case selective tendering, comparison of quotations or direct contracting is expected).

When any procurement methods other than competitive tendering would be applied, the Agent shall proceed the procedures in a manner, to the possible extent, to comply with the competitive tendering procedures described in these Guidelines, in order to ensure the

¹ Selective tendering is a form of competitive tendering based on a direct invitation of tenderers without an initial tender publicity, according to certain qualifications obtained from several tenderers to ensure competitive prices.

² Comparison of quotations is a contract method based on the comparison of quotations obtained from several suppliers to ensure competitive prices.

³ Direct contracting is a contract method based on negotiation directly with a supplier before contracting.

transparency.

(3) Additional Procurement

If there is any balance including its accrued interest in the Procurement Account after the selection of the Supplier (hereinafter referred as to “the Remaining Amount”), and the Recipient would expect an additional procurement, the Agent will be allowed to proceed an additional procurement in accordance with the following points as below. Moreover, in case that there is interests with the Remaining Amount, its interests can be allocated to an additional procurement.

1) Procurement of the same products and services

The additional procurement is allowed to proceed by a direct contracting with the same unit price and with the limited quantity of the same products and services by the same Supplier of the initial contract in case that it is considered that there was no competition in the initial tender and no interest particularly no economic advantage which would not be expected even if a competitive tender is newly held.

2) Other procurements

When the products and services other than those mentioned above in 1) are to be procured, the procurement should be implemented through a competitive tendering. In this case, the products and services for additional procurement shall be selected by those in accordance with the E/N, the P/D or other mutual agreement between the two Governments.

3. Size of Tender Lot

In case that it would be reasonable to set some lots for a tender (hereinafter referred as to “the Lot”) in terms of ensuring the broadest competition in the tender, the Lots shall appropriately be divided if it is technically and administratively possible to do so. The size of each Lot shall be large enough to attract tenderers in view of ensuring competitiveness of tender.

4. Tender Conditions

The Agent shall fully research and examine technical specifications, prices, manufacturing, transportation, trade regulations and other conditions regarding the products and services to be procured, then shall finalize, according to the agreement with the Recipient, appropriate tender and procurement conditions after the confirmation by the Recipient. In addition, the price expected for the procurement (referential price) shall be set in advance for reference of the selection procedures for the Supplier.

5. Tender Announcement

Tender announcement shall be carried out in an appropriate manner so that all qualified and interested tenderers could have fair opportunity to know and participate in the tender.

The tender notice shall be publicized at least in a generally circulated newspaper in the

recipient country (or neighboring countries) or in Japan, and on the easily accessible page of the Agent's website. The main points to be mentioned in the public announcement are as follows (when it comes to the newspaper announcement, the minimum amount of information relevant to (1), (2) and (3) shall be included in the announcement, and the information on (4), (5) and other detailed information shall be announced on the Agent's website):

- (1) Name of the Programme
- (2) Summary of products and services to be procured
- (3) Name of the Agent and contact information including a location of its website (written as an Agent for the Recipient)
- (4) Required qualifications of tenderers
- (5) Other relevant information considered to be necessary for suppliers to determine whether to participate in the tender

6. Language

The tender invitation, tender documents and contract shall be prepared in English, French or Spanish.

III. Tender Documents

1. General

- (1) The tender documents shall stipulate all information necessary to enable tenderers to prepare valid offers for the products and services to be procured under OSA.
- (2) The rights and obligations of the Recipient, the Agent and the Suppliers of the products and services shall be stipulated in the tender documents to be prepared by the Agent. The tender documents shall be prepared in consultation with the Recipient.
- (3) The tender documents shall clearly state that "the Government of Japan shall extend Official Security Assistance to the Government of (name of recipient country) in accordance with the E/N signed on (date of signature)."
- (4) The tender documents shall clearly state that "The Government of Japan requires that, under contracts funded by the Grant, tenderers and the Suppliers observe the highest standard of ethics during the procurement and execution of such contracts. In this regard, the Government of Japan shall demand that the Recipient and the Agent shall reject a tender if it determines that the tenderer has engaged in corrupt or fraudulent practices in competing for the contract in question. The Government of Japan shall recognize the related legal and/or natural person who has engaged in any corrupt and/or fraudulent practices during the process to be awarded in the tender or the implementation of contract related to any Japan's grant project/programme including ODA/OSA in accordance with related guidelines and/or instructions, as ineligible. According to the said recognition, the Government of Japan may request to the Recipient and the Agent to exclude such ineligible legal person and/or natural person from the procurement procedures for certain period determined by the Government of Japan."

When the authorities concerned of the Government of Japan decide to impose against legal and/or natural person such administrative sanctions as debarment, exclusion of products and services manufactured, etc., from Japanese governmental procurement, the Government of Japan may ask the Recipient and the Agent to exclude such products and services manufactured by the sanctioned legal and/or natural person from the procurement under the Grant, for the period of the sanctions by such authorities concerned of the Government of Japan.”

2. Contents of the Tender Documents

The tender documents shall consist of the following documents:

- (1) Instruction to Tenderers
- (2) Procurement Conditions
- (3) Form of the Tender
- (4) Draft of the Contract

If the tender documents are charged for a fee, it should be reasonable as a cost of implementation of the tender procedure.

3. Major Items Related to the Instruction to Tenderers

- (1) The instruction to tenderers shall clearly describe the procedures for question and answers, and correction regarding the tender documents, tender procedures, tender evaluations, and the other relevant issues of the tendering process.
- (2) The instruction to tenderers shall clearly describe the products and services to be procured, qualifications required of tenderers, existence of local office(s) of the Supplier in the recipient country or its neighboring country and handling experience(s) of products and services by its local office(s), existence of local agent(s) and handling experience(s) of products and services by its local agent(s), elimination of disqualified legal person and/or natural person from the tender, eligible source countries, place and date of the delivery, insurance, transportation, bond, warranty and other pertinent items.
- (3) In principle, the instruction to tenderers shall clearly describe that the tender price shall be stated in figures and words as firm and final, and if there is a difference between the price in words and that in figures, the price in words is deemed correct.

4. Procurement Conditions

(1) Clarity and Accuracy of Conditions

The procurement conditions shall clearly specify the details of the services to be provided, the products and services to be procured, technical specifications, delivery site and conditions. The procurement conditions shall identify the main factors or criteria to be taken into account for evaluation and comparison of tenders.

The procurement conditions shall be considered so as to ensure the possible competitiveness in tender.

(2) Impartiality of the Technical Specifications

The technical specifications to be including procurement conditions shall be based on the characteristics and demanded capacities of the products and services to be procured.

Mentioning some references such as trademark names, catalogue numbers or similar classifications shall be avoided unless otherwise it is necessary to procure some particular items such as spare parts, etc.

(3) Standards

In case that the products to be complied with any industrial standards are expected to be procured, those specifications specified in the tender document shall state that the products shall meet with the Japan Industrial Standards (JIS), or any other internationally accepted standards such as ISO or equivalent, to ensure an equal or higher quality than expected.

5. Forms of Tender

The following points shall be clarified in forms of tender:

1) tender qualification certificates, 2) tender specifications and 3) tender price.

6. Draft of the Contract

The draft of contract shall clearly state the contract terms including the rights and obligations of the Recipient, the Agent and the Supplier and the following points:

- (1) Terms of payment
- (2) Warranty period
- (3) Performance bond
- (4) Non-performance of the contract
- (5) Force majeure
- (6) Settlement of disputes

IV. Implementation of Tender

1. Preparatory Period for the Tender

The period for preparation and submission of tender shall be determined with due consideration to the particular circumstances in the recipient country and the scale and complexity of the tender Lot(s). The period until the date of tender shall be sufficient for the potential tenderers to prepare their documentations to participate in tender.

2. Guarantee for the Tender

The Agent may request that the tenderers submit bid bond (e.g. bank guarantees) for the tender. The amount of the bid bond, however, shall not be so high as to discourage potential tenderers. The bid bonds submitted from the unsuccessful tenderers shall be returned immediately after the award of the contract.

3. Questions and Answers to the Tender Documents

The Agent, for the purpose of the smooth implementation of the tender, shall accept questions about the tender documents from parties who received the documents and shall provide answers to the questions in accordance with the following points:

- (1) A reasonable period shall be set, respectively for accepting questions and providing answers to those questions.
- (2) The answers shall be given to all those who have received the tender documents well in advance of the date of tender so that the prospective tenderers can take proper measures.

4. Correction and Modification of the Tender Documents

Any additional information, additional explanations, correction and modifications of errors related to the tender documents shall be notified to all those who have received the tender documents in advance of the date of tender for their preparations of tender.

5. Pre-qualification Examination of Tenderers

- (1) The Agent may conduct a pre-qualification examination of tenderers in advance of the tender so that the invitation to the tender can be extended only to eligible suppliers.
- (2) The pre-qualification examination shall be performed only with respect to whether or not the prospective tenderers have the capability of accomplishing the contracts concerned without fail.
- (3) In this case, the following points shall be taken into consideration:
 - 1) Experience and past performance in contracts of a similar kind of works
 - 2) Capital amount, scale and experience of business and other financial credibility
 - 3) Existence of local office(s), etc. in the recipient country or its neighboring country in conformity with the conditions to be specified in the tender documents and its experience and/or work performance of a similar kind of products and services

6. Tender Procedures

- (1) The tender documents shall clearly indicate the deadline of the date and place for accepting the tendering as well as the date and place for opening the tender.
- (2) The tenderer shall be instructed to submit the following necessary tenders:
 - 1) Tender qualification certificates
 - 2) Tender specifications
 - 3) Tender price
- (3) All tenders shall be opened in the presence of the Agent and tenderers or their representatives at the fixed date, time and place. The presence of tenderers is not requirement and tenderers who do not attend the tender opening shall not be disadvantaged in the respect of selection procedures. As long as fairness, transparency and security on the process are ensured, the online tender opening is also acceptable.
- (4) Any tender submitted after the deadline is not accepted as a valid tender.

(5) In tender opening with the attendance of tenderers, the name of each tenderer and the tender price concerned shall be recorded and shared with tenderers.

7. Supplementary Explanation and Modification of the Tender during Evaluation

(1) Any tenderer shall not be permitted to modify the offered conditions of the tenders after tendering.

(2) The Agent may request any tenderer to make a supplementary explanation but not be permitted to request them for a substantive modification of the contents of the tenders during tender evaluation.

8. Confidentiality of Tender Procedures

Until the issue of notification of an award to the successful tenderer, the Recipient and the Agent shall not disclose any information on the examination of the tenders, supplementary explanations and evaluations or any information related to the recommendation of a successful tenderer to the tenderers and others who are not officially related to the tender procedures.

9. Examination of Tenders

The Agent shall examine the following points with regard to the submitted tenders:

- (1) Serious errors in calculation
- (2) Attachment of requested documents
- (3) Attachment of requested certificates
- (4) Attachment of requested guarantees
- (5) Attachment of proper signatures to the documents
- (6) Conformity of the submitted tenders with the instruction of the tender documents

In the process of examination of the tenders, in case that a tender contains any discrepancy, reserved condition or substantive inconformity compared with the required conditions or specifications mentioned in the tender documents, that shall be seemed as a disqualified tender and shall be eliminated.

After the examination of tenders, each qualified tender in the order beginning from the tenderer who offered the lowest price shall be further examined in the technical point of views.

10. Tender Evaluation

(1) The tender evaluation and selection of the contractor shall be carried out on the basis of the conditions specified in the tender documents.

(2) The valid tender shall be substantially conformed to the technical specifications specified in the tender documents. In principle, the successful tenderer shall be the tenderer that offered the lowest price among qualified tenders. In case that it is not appropriate to select the successful tenderer only in terms of the submitted price, the offered conditions except the

price, such as delivery period, technical specification and aftersales service system, can be globally evaluated by scoring those conditions with the offered price. In this case, the principle manner of evaluation shall be clarified in the tender documents as well.

(3) In cases where satisfactory results in terms of price or any other relevant conditions are not offered in the tender, the Agent may negotiate with the most advantageous tenderer (if this fails to obtain satisfactory results, the second tenderer) to conclude a contract (a contract ad libitum).

(4) If there exist several Lots in the tender, the tender evaluation shall be proceeded by Lot.

11. Tender Evaluation Report

The Agent shall draft a detailed tender evaluation report clarifying the reasons for the selection of successful and disqualified tender, and shall submit it to the Recipient to obtain the Recipient's confirmation before concluding the contract with the successful tenderer.

12. Notification to the results

(1) The Agent shall notify all tenderers of the results of the tender within the validity period specified in the tender documents. In case that the notification is not possible within the specified period, the Agent shall notify all tenderers of the extension of the period before the expiry date of the original period.

(2) Any tenderer shall not be obliged to bear responsibilities or obligations that are not specified in the tender documents for a condition to be successful tenders.

13. Rejection of tenders and re-tender

(1) The Agent shall not reject all tenders and implement the re-tendering with the same conditions merely for the purpose of reducing the price. The rejection of all tenders may only be justified in the following cases:

1) Successful tender was not given even after the negotiation with the advantageous tenderers in such case where offered prices are extremely exceeded from the referential price;

2) All tenders do not comply with the conditions mentioned in the tender documents as a result of the examination and evaluation of the tenders;

3) The competitiveness is obviously impeded in the process; and

4) There is a rational reason where the aim of procurement will not be achieved by ongoing tender procedure.

(2) In case all tenders are rejected and the re-tender would be called, the Agent shall examine the causes of the failure of original tender and consider revising the specifications and other conditions specified in the original tender documents and its procurement methods.

V. Conclusion of the Contract

1. General

In order to procure products and services necessary for the Recipient in accordance with the

E/N and the P/D, the Agent shall conclude contract(s) with the Supplier(s) selected by tendering or other methods. If the same contractor awards more than one Lot, the contracts may be combined into one.

2. Reference to the E/N

The contract shall clearly state that "the Government of Japan executes Official Security Assistance(OSA) to the Government of (name of recipient country) in accordance with the E/N signed on (date of signature) between the two Governments".

3. Contents of the Products and Services

The contract shall clearly state the contents of products and services to be procured. The contract which is not covered by the conditions agreed by the two Governments shall not be concluded.

4. Contract Price

In principle, the amount of all contract prices shall not exceed the amount of the Grant stipulated in the E/N and its accrued interest but not including the Agent's services.

Each contract price shall be precisely and correctly stated in words and figures side by side. If there is any difference between prices in words and those in figures, the prices in words are considered to be correct.

5. Terms of Payment

The contract shall clearly state the terms of payment.

6. Warranty

The contract shall clearly state the conditions and the period of warranty if warranty is provided to products and services to be procured from the providers and/or other related parties of such products and services.

7. Performance Guarantee

The Agent may request the Suppliers to submit performance guarantees. The performance guarantee shall be issued by an appropriate guarantee amount. The performance guarantee shall be returned immediately after delivery of products and completion of all contractual obligations of the Supplier.

8. Event of Default of the Contract

The contract shall clearly state that, if the performance of the Supplier delays in terms of the contracted period of execution or causes the results of non-performance of the contract due to the reasons such as bankruptcy, etc., the Agent has the right to take measures against the Supplier to claim the payment of indemnities, forfeit the performance guarantee, or cancel the

contract.

9. Force Majeure

The contract shall contain a clause to the effect that failure on the part of the Supplier to fulfill obligations under the contract would not be considered as a default if such failure is a result of an event of force majeure as defined in the terms of the contract.

10. Settlement of Disputes

The contract shall contain clauses dealing with the settlement of disputes.

11. Responsibilities and Obligations of Each Party

The contract shall clearly state the responsibilities and obligations of the Recipient, the Agent and the Suppliers.

12. Payment Method

The Agent shall make payment from the Advances according to the submission of the necessary documents from the Supplier on the basis of the conditions specified in the contract when the Supplier fulfilled the contractual obligations.

13. Effectuation of the Contract

The contract shall become effective as soon as the contract is signed between the Agent and the Supplier.

14. Amendment of the Contract

When an amendment of the contract is required, the Agent shall conclude an amendment of contract with the Supplier after the consent of the Recipient on the said amendment. The amendment of contract shall clearly state that "all clauses except that which are amended remain unchanged".

15. Results of Contract

The Agent shall, as soon as the conclusion of contracts, disclose the information on the contract including name of item, name of the Supplier, amount of contract and date of contract on the website of the Agent. In case that there are any reasons which are deemed inappropriate to disclose the details of procurement for security reasons of the Recipient, those information shall be treated as a non-disclosure subject or shall be considered of the range of disclosure, upon the prior consent of the two Governments.

(END)