

planned, broken down by main cost categories ("schedule of force-account measures"). Costs incurred for general administration in connection with force-account work must not be included in this schedule of measures.

After reviewing the contracts and the schedule of force-account measures, KfW shall transmit to the Recipient numbered letters stating the amounts it has reserved for financing from the financial contribution and shall send the Recipient the "List of Goods and Services", supplemented from case to case.

2.3 When concluding contracts for goods and services to be financed from the financial contribution, the Recipient shall observe the following principles:

- a) The payment conditions of the contract must be in line with commercial practice.
- b) To safeguard the advance payments and the due performance of the contracts, the contracts shall provide for the appropriate advance payment guarantees and performance bonds to be given by banks or insurance companies. Said guarantees and bonds shall be denominated in a freely convertible currency if and to the extent that foreign exchange costs are to be financed.
- c) As no import duties may be financed from the financial contribution pursuant to Article 1.3 of the Financing Agreement, such import duties, if part of the contract value, shall be stated separately in the contracts for the goods and services and in the invoices.
- d) It shall be ensured that the goods to be financed from the financial contribution are insured adequately and to the customary extent against risks occurring during transport and project implementation so that their replacement or restitution is possible. Said insurances shall be concluded in a freely convertible currency to the extent that foreign exchange costs accruing to the Recipient are to be financed. For transport insurance the Institute Cargo Clauses (A) (All-Risks) and, where necessary, the Institute War Clauses (Cargo) and the Institute Strikes Clauses (Cargo) of the London Institute of Underwriters as amended in 1982 or comparable clauses shall be agreed.
- e) If payments due under the contracts for goods and services are to be made from the financial contribution, said contracts shall include a provision stipulating that any reimbursements, guarantee or similar claimable payments and any insurance payments shall be made for account of the Recipient to KfW's account No. 500 204 00 with the Landeszentralbank, Frankfurt am Main (BLZ 500 204 00), with KfW crediting such payments to the account of the Recipient. If such payments are made in local currency they shall be remitted to a special account of the Recipient in NIS which may be drawn on only with the consent of KfW. Such funds may be re-utilized in accord with KfW for the execution of the project.

### 3. Disbursement Procedure

The disbursement procedure shall be governed by the "Guidelines for the Disbursement of Funds of Financial Cooperation and Comparable Programmes by KfW", which form an integral part of this Agreement.