REVISED IBRD AND IDA GENERAL CONDITIONS

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REVISED IBRD AND IDA GENERAL CONDITIONS

I. Executive Summary

- 1. Management submits for Executive Directors' consideration revised IBRD and IDA General Conditions (together, the "General Conditions"). The main themes of the proposed changes are described below.
- (a) *IDA18 and IBRD Financial Terms*. The majority of the revisions to the General Conditions are the result of the expansion of non-concessional finance under the recently adopted IDA18 framework. In addition, the revised IBRD General Conditions codify previously approved IBRD pricing and policy changes.
- (b) *Instrument-Specific General Conditions*. For ease and efficiency, Management recommends that the Bank adopt customized IBRD and IDA General Conditions for each of its financing instruments: Investment Project Financing ("IPF"); Development Policy Financing ("DPF"); and Program-for-Results Financing ("PforR").
- (c) Simplification. In order to meet the Bank's commitment to ensuring flexibility and agility,² the Legal Vice Presidency ("LEG") undertook a simplification exercise to significantly streamline legal documentation and processes, without increasing legal risk to the institution. Some of the proposed modifications to the General Conditions and associated changes to standard legal agreements are a product of that simplification effort. Among other things, the new General Conditions will permit greater use of electronic communications and signatures, and afford the Bank and its counterparts more flexibility with legal documentation.
- 2. The proposals in this paper do not require any significant changes to the Bank's existing operational policy framework. Some revisions are needed to Operational Policies 7.00, 7.20, and 14.10 and their associated procedures and instructions. Management recommends that Executive Directors approve the new versions of the IBRD and IDA General Conditions and related policy changes described in this paper.
- 3. Going forward, LEG will focus attention on the most significant current and future legal risks faced by the institution. Later this year, the Senior Vice President and Group General Counsel will brief Senior Management and Executive Directors about LEG's approach to identifying, mitigating, and managing legal risk.

II. Background

4. In Bank-financed operations, the Bank's legal agreements with its counterparts contain tailored and operation-specific contractual terms. These agreements also incorporate the General Conditions, which reflect the Bank's standard terms and conditions that do not vary from case to case. The last major update to the General

"Forward Look – A Vision for the World Bank Group in 2030," DC2016-0008 September 20, 2016.

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See IDA, "Implementation of the Hybrid Financial Model Paper," IDA/R2017-0077 (March 23, 2017) approved by Executive Directors on April 11, 2017 (the "Hybrid Financial Model Paper").

Conditions took place twelve years ago.³ Since then, Executive Directors have approved a number of IBRD and IDA-specific changes to these documents.⁴

- 5. The revised draft IBRD and IDA General Conditions include several modifications that emerged from LEG's simplification exercise described in paragraph 2. These modifications permit greater use of electronic communications and signatures and give the Bank and its counterparts more flexibility with legal documentation. These changes will provide teams and counterparts with greater operational agility while ensuring that they proactively address legal risks.
- 6. The IDA General Conditions include many revisions to reflect the recently adopted IDA18 framework. Additionally, the IBRD General Conditions are revised to incorporate certain financial pricing and policy changes that were previously approved by the Executive Directors.

III. Overview of Proposed Changes

A. Introduction of Instrument-Specific General Conditions

- 7. The IBRD and IDA General Conditions were first adopted in 1969. At that time, the Bank financed mostly investment operations and project-based activities. When the Bank introduced adjustment or policy-based lending in 1980, it chose not to issue separate General Conditions for these operations. Instead, the underlying legal agreements modified the existing General Conditions to suit the non-project-specific features of policy-based operations.
- 8. As a result, a legal agreement for each DPF operation includes a separate section with detailed modifications to the IBRD and IDA General Conditions to adapt them for policy-based lending. This arrangement was followed when the Bank began PforR financing in 2012. Like the DPF legal agreements, legal agreements for PforR operations include a section with standard modifications to the General Conditions to conform them to the requirements of results-based financing. In other words, we do not currently have instrument-specific General Conditions.

See Memorandum of the President, "Simplification of IBRD and IDA General Conditions and Standard Legal Documentation" (R2005-0106; IDAR2005-0088, May 5, 2005).

Executive Directors have approved six sets of changes to the IBRD General Conditions and two sets of revisions to IDA General Conditions. See Memoranda of the President, "Sanctions Reform: Expansion of Sanctions Regime Beyond Procurement and Sanctioning of Obstructive Practices" (R2006-0149/4; IDAR2006-0158/4, June 12, 2006); "Review of Interest Charges and Overdue Principal Payments of Fixed Rate Loans and Special Treatment for Countries with Fixed Rate Loans Presently in Non-Accrual" (R2007-0136; IDA/R2007-0194, June 15, 2007); "Proposal to Extend Maturity Limits for New IBRD Loans and Guarantees and to Simplify and Consolidate IBRD Loans into a Unified Single Product Line." (R2008-0007, January 17, 2008); "Mutual Enforcement of Debarment Decisions Among Multilateral Development Banks" (R2010-0041; IDA/R2010-0045, March 3,2010); "Adoption of EURIBOR as Index for Euro-denominated Loans and Other Proposed Modifications and Updates to the IBRD and IDA General Conditions" (R2010-0194; IDA/R20 10-0264 July 21, 2010); and "Proposal to Offer IBRD Borrowers Additional Flexibility to Convert Loans with a Variable Spread" (R2012-0042, March 1, 2012).

- 9. It is sometimes difficult for Bank teams and government counterparts to fully appreciate the DPF or PforR-specific modifications to the General Conditions without an amended or restated version of that text. Questions occasionally arise about whether, or to what extent, the IPF-specific provisions in the existing General Conditions apply to a DPF or PforR operation. From time to time, teams and clients have indicated that it may be beneficial to have instrument-specific General Conditions.
- 10. After considering this question during its simplification and review exercise, LEG has concluded that going forward, it would be more efficient and user-friendly to have instrument-specific IBRD and IDA General Conditions. Instrument-specific General Conditions will feature only those standard terms and conditions that are necessary or relevant to the needs of that instrument. These instrument-specific General Conditions will be more accessible and reader friendly and should reduce the average length of DPF or PforR legal agreements by eliminating the need for a section on modifications.
- 11. Consequently, Management recommends that Executive Directors approve instrument-specific versions of the IBRD and IDA General Conditions for IPF, DPF, and PforR operations, substantially in the form set out in Annexes A through F of this paper.⁵

B. Elimination of Financial and Economic Data Letter

12. As part of its standard legal documentation for operations, the Bank requires IBRD and IDA borrowers, guarantors, recipients, and certain project implementing entities to sign a supplemental letter, commonly referred to as a "financial and economic data letter." The letter is signed on the same date as the principal legal agreements and includes undertakings or representations on which the Bank relies. The letter's content varies depending on the operation, signatory, and financing source. It is commonly used to document four types of undertakings or representations from its signatories.⁶

General Conditions for IBRD Financing: Investment Project Financing, dated July 6, 2017 (the "IBRD IPF General Conditions") in Annex A (Annex A.1 contains a clean version of the text, and Annex A.2 contains, for ease of reference, text marked to show changes from the current version of the General Conditions); General Conditions for IBRD Financing: Development Policy Financing, dated July 6, 2017 (the "IBRD DPF General Conditions") in Annex B; and General Conditions for IBRD Financing: Program-for-Results Financing, dated July 6, 2017 (the "IBRD PforR General Conditions") in Annex C; General Conditions for IDA Financing: Investment Project Financing, dated July 6, 2017 (the "IDA IPF General Conditions") in Annex D; General Conditions for IDA Financing: Development Policy Financing, dated July 6, 2017 (the "IDA DPF General Conditions") in Annex E; and General Conditions for IDA Financing: Program-for-Results Financing, dated July 6, 2017 (the "IDA PforR General Conditions") in Annex F.

Changes to the existing IBRD General Conditions are highlighted "in track changes" in the revised IBRD IPF General Conditions. Similarly, changes to the existing IDA General Conditions are marked-up in the revised IDA IPF General Conditions in "track-changes."

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Since the representations and undertakings obtained from the Bank's legal counterparts vary depending on the country and financing source, no single supplemental letter will feature all four categories.

- (1) External Debt Reporting. Pursuant to an existing provision in the General Conditions,⁷ every IBRD and IDA member borrower, guarantor, and recipient undertakes through the supplemental letter to provide the Bank with specific information about their external debt. This undertaking is derived from OP 14.10 that requires borrowers and recipients to timely report their "long-term external debt" in accordance with the Bank's Debtor Reporting System Manual.⁸
- (2) Representation about Defaults on External Debt. Through the supplemental letter, an IDA member recipient represents to the Bank that it is not in default on its external debt. Similarly, every IBRD member borrower or guarantor represents through the supplemental letter that it is not in default on any external public debt.
- (3) Non-Concessional Borrowing Policy Requirements. Under IDA's non-concessional borrowing policy, specific member country recipients are obliged to notify the Association of any proposals to incur non-concessional debt. This reporting requirement is presently included in the supplemental letter, which requires a signatory to notify IDA of its intent to obtain, and terms of, non-concessional long-term external debt.
- (4) Negative Pledge Representation. Every IBRD member borrower or guarantor represents through the supplemental letter that no liens exist (except for those identified when the letter is signed) on any of its public assets as security for external debt. This representation is made pursuant to IBRD's long-standing "negative pledge" policy. Although the policy also extends to non-member borrowers, only an IBRD member country, whether acting as a

Current IBRD General Conditions for Loans, Section 6.01 (a) (basic obligation of member countries to furnish information about financial and economic conditions in its territory including balance of payments and external debt) and corresponding Section 5.01 in the current IDA General Conditions for Credits and Grants.

According to OP 14.10, the Bank relies on this information to assess a borrowing country's foreign debt situation, creditworthiness, and economic management. Emphasizing the importance of such information to the Bank's operations, OP 14.10 requires that each member country borrower or guarantor submit a complete report on external debt as a condition for Board presentation of operations to that country.

Briefly summarized, the negative pledge policy codified through OP 7.20 ensures that no other external debt of the member country enjoys priority over Bank loans in the allocation, realization, or distribution of a member country's foreign exchange. The policy's basic requirements are set out in Section 6.02 (a) - (c) of the existing IBRD General Conditions. This section will be retained in the revised versions of the IBRD General Conditions for IPF, DPF, and PforR operations without changing its number or wording.

A similar provision will also be introduced in the three IDA General Conditions. See IDA IPF General Conditions, Article VII, and similarly numbered articles in the IDA DPF General Conditions and the IDA PforR General Conditions.

Briefly summarized, if a non-member IBRD borrower creates any lien on its assets as security for any debt, the lien must equally and ratably secure the payment of all loan payments to the Bank at no cost to the institution. If any statutory lien is created on the borrower's assets as debt security, the borrower must grant, at no cost to IBRD, an equivalent lien satisfactorily securing all loan payments to IBRD. See IBRD IPF General Conditions, Section 6.02 (b) and similarly numbered provisions in the IBRD DPF General Conditions and the IBRD PforR General Conditions. The negative pledge clause does not

borrower or guarantor, is required to make the representation regarding liens on public assets.

- 13. The various undertakings and representations recorded through the supplemental letter ensure the Bank has reliable and timely information about its counterparts and their ability to undertake financial and project-related obligations. At the same time, the preparation and inclusion of the supplemental letter adds to the appearance of complexity in the Bank's legal documentation.
- 14. Consequently, after a review and legal analysis, Management has concluded that the supplemental letter's undertakings and representations can be efficiently transferred to the applicable General Conditions. As explained above, every Bank loan or financing agreement declares that the General Conditions constitute an integral part of the agreement. Thus, the Bank's ability to invoke or rely upon an undertaking or representation, presently addressed in the supplemental letter, will not be compromised if these undertakings or representations are stated in the General Conditions.¹¹
- 15. The Bank will still retain the option to seek appropriate representations through a supplemental letter from borrowers and recipients, which are not member countries, or project implementing entities regarding their financial condition. These representations are usually obtained when the borrower, recipient, or project implementing entity's financial condition is a material factor in the Bank's decision to lend. An enabling provision to this effect is being introduced in the revised IBRD and IDA General Conditions. ¹²
- 16. These changes are not expected to result in additional operational, fiduciary, or reputational risks for the Bank, nor create additional legal or fiduciary burdens on clients. Implementation of this proposal, however, will require conforming revisions to: OP 14.10 (External Debt Reporting and Financial Statements); OP 7.20 (Security Arrangements); and OP 7.00 (Lending Operations: Choice of Borrower and Contractual Agreements). These revisions are set out in Annex G and H to this paper. If Executive Directors approve this proposal, Management will issue conforming changes to BP 14.10, and the Bank Procedure for Program-for-Results.

C. Legal Opinions

apply to security on property for the payment of the purchase price of the property (or for the payment of debt incurred to finance the purchase of such property); nor does it apply to security arising in the ordinary course of banking transactions for a debt maturing within one year of the date on which it was originally incurred. IBRD IPF General Conditions, Section 6.02 (c) and its corresponding provisions in the other IBRD and IDA versions.

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See revised IBRD IPF General Conditions, Section 6.01 (b) (member country's undertakings with respect to external debt reporting); Section 6.01 (c) (member country representation regarding any defaults on external public debt) and Section 6.02 (d) (member country representation about liens on its public assets). See corresponding provisions in the IDA General Conditions and for the other instruments.

See revised IBRD IPF General Conditions, Section 6.03 and corresponding provisions in the IDA General Conditions and for the other instruments.

- 17. Before the Bank's legal agreements for a Bank-financed operation become effective and disbursements may begin, its counterparts are required to furnish evidence that the agreements are duly authorized, validly executed, and legally binding upon them. This evidence normally involves producing legal opinions on the agreements from counsel acceptable to the Bank.
- 18. These requirements have obvious costs for Bank teams and government counterparts. In many countries, the production and delivery of legal opinions can involve considerable time and effort. A legal agreement cannot become effective before the opinions are produced and delivered. Delayed effectiveness can, in turn, hold-up implementation of project activities.
- 19. Typically, before and during negotiations, Bank counterparts undertake a detailed review of the draft legal agreements prepared by the Bank. They may share the negotiations package among relevant ministries or departments, and they may consult with responsible law officers, including the attorney general or in-house legal advisers and, in some cases, even outside counsel. The draft legal agreements are formally agreed by the Bank and counterparts at negotiations.
- 20. After negotiations are completed, Executive Directors are asked to approve the financing. If approved, the Bank arranges for the execution of the finalized agreements. In most cases, the Bank's counterparts assign senior representatives to sign legal agreements on their behalf. Depending on the country and project, these representatives may include finance ministers, ambassadors, high-ranking civil servants, and other officials. These representatives are statutorily or legally authorized to enter into binding commitments by signing the legal agreements with the Bank. In most cases, a legal opinion reconfirms this position.
- 21. In several jurisdictions, a legal opinion is based on a basic template. Its content is repeated each time and only rarely varies from operation to operation. Successively issued opinions are often identically worded except for the underlying operation's name and financing amount. Despite this, delays can still occur. Consequently, some long-standing clients have questioned the institution's insistence on fresh opinions without any bearing on the underlying operation's size, complexity, or risk.
- 22. Therefore, after detailed research and careful analysis, LEG has concluded that the Bank can exercise greater flexibility in not requiring legal opinions in certain instances. Where appropriate, the Bank would be able to forbear from requiring a legal opinion from its counterpart if the counterpart is willing to represent and warrant through the General Conditions that the relevant legal agreements are duly authorized, executed, and legally binding.
- 23. Accordingly, Management proposes to revise the IBRD and IDA General Conditions to allow the reliance on representations and warranties, instead of legal

ratification or government approvals.

In the Bank's experience, the most extensive delays often arise from constitutional or legal requirements that agreements with the Bank be ratified by the legislature or approved by governmental authorities. These delays are usually beyond the control of the Bank's project counterparts. There can, however, be other delays in the production and delivery of legal opinions that are unrelated to

opinions, about the authorization, execution, and binding nature of the relevant legal agreements. LEG will carefully determine in which cases it may rely on such representations and warranties, instead of requiring legal opinions. LEG will exercise this flexibility prudentially and cautiously. It will follow a phased approach in close consultations with the operational units in the Regions and Global Practices.

D. Electronic Communications and Signatures

- 24. To ensure that the Bank and its clients take advantage of modern technology to expedite project processing and implementation, Management will test, and thereafter expand the use of electronic signatures and electronic communications for Bank legal agreements and notices. Accordingly, the IBRD and IDA General Conditions include provisions that establish legal equivalence between electronic transactions with paper-based ones, and introduce technology-neutral, rules and requirements to facilitate the use of electronic signatures and communications. ¹⁵
- 25. The introduction of these provisions builds upon the Bank's successful experience in encouraging borrowers and recipients to file electronic withdrawal applications for loans or financings. As with withdrawal applications, the new provisions on electronic signatures and communications do not prevent clients from continuing to execute legal agreements by hand or using traditional paper-based communications. Rather, Bank teams and their counterparts will be encouraged to use electronic signatures and communications wherever possible.

E. Greater Flexibility in Reallocating Financing Resources

- 26. Presently, under the General Conditions, the Bank may, through a notice to the borrower or recipient, reallocate funds among expenditure categories under a loan or financing agreement. The Bank may also reduce the percentage of expenditures that it will finance under a particular category if the allocated amounts will be insufficient to finance those expenditures. All other changes involving the reallocation of committed financing proceeds require amendments to the loan or financing agreements.
- 27. Processing these reallocation amendments often takes a significant amount of time. It can cause considerable delays in project implementation. To provide for greater operational flexibility, the proposed General Conditions authorize the Bank to increase expenditure percentages within an existing disbursement category, or modify any categories by merging or separating them without an amendment. In all cases, the Bank will consult with counterparts before it takes any actions. At the same time, revisions to the definition of eligible expenditures will continue to require an

See revised IBRD IPF General Conditions, Section 10.04 (electronic signatures) and Section 10.05 (electronic communications) and corresponding provisions in the IDA General Conditions and for the other instruments.

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See revised IBRD IPF General Conditions, Section 9.02 (b) and corresponding provisions in the IDA General Conditions and for the other instruments.

See revised IBRD IPF General Conditions, Section 2.08 and corresponding provisions for IDA and the other instruments.

amendment to the applicable legal agreements. In all cases, teams will follow the Bank's applicable policies and procedures on restructuring.

F. Consistency in the Bank's Refund Remedy

- 28. The Bank sometimes has the right to require a refund of disbursed proceeds. In most cases, the Bank requires a refund if the proceeds of Bank financing were used for ineligible expenditures. A refund may also be sought if there is evidence of fraud or corruption. The existing IDA General Conditions codify an express refund provision only for IDA grants. ¹⁷ A corresponding provision has not been included in the existing IDA General Conditions for credits, or in the IBRD General Conditions for loans. This was done based on an assumption that a refund request might be misconstrued by the market or external rating agencies as a demand for accelerated repayment of the underlying financing.
- 29. Yet, the Bank has maintained the right to request refunds, and has done so many times, with respect of IBRD loans and IDA credits, by relying on a refund provision set out in the legally binding Disbursement Guidelines. 18 There have been no reported adverse market or financial consequences when the Bank has made such refund requests. Accordingly, to enhance transparency and legal consistency in refund requests, Management proposes to include an express refund provision for credits in the IDA General Conditions and loans in the IBRD General Conditions. 19

G. Transfer of Standard Language from Legal Agreements to General **Conditions**

Since the General Conditions were first issued in 1969, Management has 30. periodically moved recurring or standard provisions from its legal agreements to the General Conditions. This practice helps simplify the legal agreements and streamline project preparation and negotiations. Consistent with this practice, LEG proposes to transfer recurring provisions (specifically, provisions on conversion options, repayment arrangements, anti-corruption, procurement, and financial management), from the Bank's current model legal agreements to the General Conditions, without any impact on such clauses' binding nature.

H. **Changes to IBRD Financial Terms**

1. **Negative Interest**

31. In late 2015, Euribor (and EUR Libor) went into negative-rate territory for the first time in the financial industry's recent history. As a result, the Bank applied a zeropercent floor on interest rates in several historic Euro-denominated loans that carried sufficiently low spreads. Reflecting that practice and to improve transparency,

See Section 6.07 of the current IDA General Conditions for Credits and Grants.

¹⁸ The Disbursement Guidelines set out certain disbursement-related requirements procedures. Like the General Conditions, the Disbursement Guidelines are incorporated by reference into the applicable legal agreements for each operation.

See revised IBRD IPF General Conditions, Section 7.05 and corresponding provisions for IDA and the other instruments.

Management proposes to codify a zero-percent floor on the overall interest rate in the General Conditions.²⁰ Strictly speaking, all IBRD loans carry an implicit zero-percent floor as interest payments can only flow one way: from a borrower to the Bank. Accordingly, the inclusion of a zero-percent floor on the interest rate in the General Conditions is a confirmation of this concept, and does not constitute a policy change.

2. Early Termination of Conversions

32. Management proposes to provide in the General Conditions for the Bank's right to early terminate, or unwind, any conversion applicable to a loan if that loan becomes subject to a default interest rate. ²¹ The Bank may exercise this right at any time when the loan remains subject to the default interest rate. This provision is designed to give the Bank flexibility in managing its exposure in the event of non-payment.

3. Other Conforming Changes to the IBRD General Conditions

- 33. In addition, the IBRD General Conditions now codify a series of previously approved pricing and policy changes to improve the effectiveness of Bank lending instruments.²² Certain streamlining modifications are proposed to the financial terms in the IBRD General Conditions. These modifications include specifying the commitment charge²³ and the loan refund remedy²⁴ as well as streamlining the existing provisions on loan conversions.²⁵
- 34. Consistent with the other legal simplifications proposals in this paper, certain recurring financial provisions in IBRD loan agreements will be transferred to the General Conditions. These provisions relate to repayment²⁶ and conversion choices, including certain automatic conversions, for IBRD loans.²⁷ In addition, the provisions that relate more to the procedural and mechanical aspects of effecting conversions will be transferred to the Conversion Guidelines, which are being revised to accommodate these changes and the conversion options for IDA18 non-concessional financing.

See revised IBRD IPF General Conditions, Section 3.02 and corresponding provisions for IDA and the other instruments.

See revised IBRD IPF General Conditions, Section 4.06 and corresponding provisions for IDA and the other instruments.

These changes include restoring the IBRD commitment charge and giving IBRD borrowers the option to capitalize it from the financing proceeds. See Policy on *Financial Terms and Conditions of Bank Financing*, OPS5.09-POL161; issued on May 2, 2017; Directive on *Financial Terms and Conditions of Bank Financing*; OPS5.09-DIR119; issued on May 4, 2017. This Policy and Directive replaced retired OP 3.10 and OP and BP 14.25. Some of these policy and pricing changes are also reflected in the IDA General Conditions including the introduction of the option to capitalize the charges and interest.

See revised IBRD IPF General Conditions, Section 3.01 and corresponding provisions for IDA and the other instruments.

See revised IBRD IPF General Conditions, Section 7.05 and corresponding provisions for IDA and the other instruments.

25 See revised IBRD IPF General Conditions, Article IV and corresponding provisions for IDA and the other instruments.

See revised IBRD IPF General Conditions, Section 3.03 and corresponding provisions for IDA and the other instruments.

²⁷ <u>See</u> revised IBRD IPF General Conditions, Section 4.01 and Appendix and corresponding provisions for IDA and the other instruments.

I. Specific Changes to the IDA General Conditions

35. The proposed revisions to the IDA General Conditions fall broadly in two groups: (i) conforming changes to promote consistency with IBRD's General Conditions; and (ii) mainstreaming and expansion of non-concessional financing terms in accordance with the IDA18 framework. ²⁸

1. Ensuring Greater Consistency with IBRD General Conditions

36. All changes to the IBRD General Conditions described in paragraphs 7 to 34 will be introduced in the IDA General Conditions. The emphasis is on importing the substance of the revisions made to the IBRD General Conditions with the understanding that the exact wording for the IDA General Conditions will be modified to suit IDA's specific terminology and features.

2. Implementing the IDA18 Non-Concessional Financing Terms

- 37. Non-concessional financing was introduced under IDA17 in the form of a pilot Scale-Up Facility ("IDA17 SUF"). This facility focused on providing non-concessional financing for IDA operations with strong development impact. These operations could include investment financing for infrastructure and non-infrastructure projects as well as DPF and PforR operations and guarantees. Under the IDA17 SUF, an amount of up to \$3.9 billion was available to IDA countries on non-concessional terms. These terms were similar, but not identical, to those offered by IBRD. For IDA17 SUF operations, these terms were incorporated in the applicable financing agreements through standalone modifications to the IDA General Conditions
- 38. Building on the IDA17 SUF experience, the IDA18 replenishment framework establishes a new scale-up facility for the IDA18 cycle ("IDA18 SUF"). The IDA18 SUF has been allocated \$6.2 billion to finance operations in blend and IDA-only countries on IBRD lending terms.³¹

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To implement the IDA18 non-concessional financing framework, the Bank's policy on financial terms will be revised and reissued in due course. <u>See</u> Bank Policy on Financial Terms and Conditions of Bank Financing, OPS5.09-POL.161 (May 2, 2017).

See the paper "Enhancing IDA's Financial Support in IDA17, Proposal for a Scale-up Facility", IDA/SecM2015-0224, November 2, 2015.

This amount was in addition to the regular concessional core and non-core allocations to IDA-eligible countries in FY17.

The facility will support high-quality and transformational country and regional operations that have a strong development impact and remove critical constraints to eligible countries' efforts to mobilize private financing. See Report from the Executive Directors of the International Development Association to the Board of Governors, "Additions to IDA Resources: Eighteenth Replenishment; Towards 2030: Investing in Growth, Resilience and Opportunity", approved by the Executive Directors of IDA on January 12, 2017.

- 39. Through a March 2017 resolution, the Association's Governors accepted the report from its Executive Directors on the IDA18 replenishment ("IDA18 Report"). Pursuant to the IDA18 Report, the Executive Directors approved the Hybrid Financial Model Paper. This paper sought to operationalize the new IDA18 hybrid-financing framework reflecting agreed IDA18 goals and commitments. It also outlines operational modalities for the Association's non-concessional financing under IDA18, which includes transition support to IDA graduates and the IDA18 SUF.
- 40. To implement these IDA18 changes, Management proposes several conforming revisions to the IDA General Conditions. These revisions will implement the non-concessional financing framework and, in particular, the Hybrid Financial Model Paper. They reflect agreed principles that IDA non-concessional financing will be offered on IBRD lending terms.³³
 - (1) Non-SDR Denominated IDA Credits. Reflecting the extension of IDA's Single Currency Lending Pilot, the revised General Conditions will stipulate that all IDA credits, whether concessional or non-concessional in character, may be denominated in specific currencies, EUR, USD, GBP or JPY, rather than in SDRs only. ³⁴
 - (2) Ring-Fenced Sections for IDA Non-Concessional Financing. The IDA General Conditions will now provide for non-concessional financing on terms identical to the IBRD terms. The new provisions on non-concessional financing are included in ring-fenced sections, or are otherwise segregated, to establish a clear separation from the existing language in the General Conditions on concessional financing.³⁵
 - (3) Negative Pledge. IDA's General Conditions will now include a negative-pledge clause applicable to all recipients of IDA non-concessional financings with an exception for IDA-only non-gap countries for the period of FY18, while implications of the negative pledge clause on those countries' financing program, as well as the interactions with IDA's other policies, such as the Non-Concessional Borrowing Policy, are being assessed. 36 Consequential changes to

Resolution No. 239 of the IDA Board of Governors, "Additions to Resources: Eighteenth Replenishment," adopted on March 31, 2017.

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See Hybrid Financial Model Paper, Annex 6, Section IV and Table 3; Annex 7, definition of "IDA Non-Concessional Lending"; and also IDA18 Report, Executive Summary, paragraph xiii-xiv; Summary of Conclusions and Recommendations, Section F, fifth bullet; paragraph 124; and Annex 6, paragraph 3, footnote 133.

See revised IDA IPF General Conditions for Financing, Section 2.01 and corresponding provisions in the IDA General Conditions for the other instruments.

See, for example, revised IDA IPF General Conditions for Financing, Article III (Financing Terms) or Article IV (Conversion of Financing Terms) and corresponding provisions in the IDA General Conditions for the other instruments.

The introduction of such negative pledge clause for IDA non-concessional financings and the one-year exception for IDA-only non-gap countries were approved by the Finance and Risk Committee on June 19, 2017.

implement this decision will be reflected in the relevant operational policy (OP7.20 – Security Arrangements), see Annex H.³⁷

- (4) Conversion Options. Since IDA18 non-concessional financing will be provided on IBRD terms, Management proposes to offer for IDA non-concessional credits the full menu of conversion options currently offered for IBRD flexible loans.³⁸ To implement these options, subject to their approval, new provisions have been introduced into the IDA General Conditions, as non-exhaustively outlined below:
- (A) <u>Interest Rate Basis</u>: For IDA non-concessional financing with a fixed spread, the variable rate (i.e. the reference rate typically LIBOR or EURIBOR plus the fixed spread) may be converted to a fixed rate and viceversa. For IDA non-concessional financing with a variable spread:
 - (i) the reference rate may be converted to a fixed rate and vice-versa while maintaining the variable spread;
 - (ii) the variable spread may be converted to a fixed spread; and
 - (iii) the reference rate and variable spread may be converted to a fixed rate.

A non-concessional financing recipient may exercise these options at any time during the life of the financing for all or part of the disbursed and outstanding balance.

- (B) <u>Automatic Rate Fixing</u>: The recipient may request IDA to undertake automatic rate fixings through interest rate conversions, executed at regular intervals, or upon certain levels of disbursements. The non-concessional recipient may exercise this option on all or part of the amounts to be disbursed and cancel this automatic rate-fixing arrangement at any time.
- (C) <u>Interest Rate Caps/Collars</u>: For IDA non-concessional financing with a fixed spread the recipient may opt to cap (set an upper limit) or collar (set upper and lower limits) the variable lending rate (i.e. the reference rate plus the fixed spread) for up to the entire disbursed amount. For IDA non-concessional financing with a variable spread, the non-concessional financing recipient may opt to cap (set an upper limit) or collar (set upper and lower limits) the reference rate portion of the lending rate for up to the entire disbursed amount.
- (D) <u>Currency</u>: All or part of the disbursed or undisbursed balance may be converted into a currency which IDA can efficiently intermediate. Disbursed balances relating to local expenditures may also be converted into the non-concessional financing recipient's local currency subject to the availability of a

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See revised IDA IPF General Conditions for Financing, Article VII and corresponding provisions in the IDA General Conditions for the other instruments.

See revised IDA IPF General Conditions for Financing, Article IV (Conversion of Financing Terms) and corresponding provisions in the IDA General Conditions for the other instruments.

liquid swap market in the local currency. Finally, conversions into local currency are permitted for undisbursed balances at the time of the disbursement, subject to IDA's ability to fund itself through bonds denominated in the local currency. ³⁹

These conversion options are identical to the options offered under IBRD's flexible loans. Currency and interest rate risks for IDA will be managed within IDA's Asset Liability Framework approved by the Executive Directors in the Hybrid Financial Model Paper. Transaction fees, including fees for early termination, will follow IBRD's fee structure. For the avoidance of doubt, all conversion options will only be available for IDA non-concessional financing and will not apply to IDA concessional financing. The IBRD Conversion Guidelines will be updated and expanded to include IDA non-concessional financing too.

IV. Entry into Force and Transitional Arrangements

- 41. If these proposals are approved by Executive Directors, on July 6, 2017, Management will issue the IBRD and IDA General Conditions for IPF, DPF, and PforR operations, which will be effective immediately and will apply to all IDA and IBRD financed projects for which invitations to negotiate are issued on or after such date.
- 42. Certain transitional arrangements may, however, be necessary to reflect the introduction of the IDA18 non-concessional financing framework. For non-concessional financing projects provided from IDA18 resources, and for which invitations to negotiate have been issued on or before July 6, 2017, the legal documents will need to incorporate the proposed draft IDA General Conditions attached to this paper. The minutes of negotiations will need to clarify that such draft General Conditions may have to be updated to reflect the final Board-approved versions. These transitional arrangements are expected to apply to very few operations financed on IDA18 non-concessional terms.
- 43. If Executive Directors approve these proposals, LEG will review each set of the revised General Conditions before they are issued for technical accuracy and consistency among them. LEG will also make conforming modifications and changes to the existing standard conditions for project preparation advances and Bank financing from trust funds.
- 44. Upon the issuance of the new General Conditions, Management will revise the applicable procedures and instructions, and LEG will update and simplify the model legal agreements. In addition, LEG will also roll out staff guidance and hands-on training. LEG will work closely with the Regions and Global Practices to communicate and explain these changes to government counterparts.
- 45. Going forward, when Executive Directors approve future policy changes that need to be reflected in the General Conditions, the General Conditions will be updated by LEG periodically, and will be circulated to Executive Directors for information.

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Based on market conditions, IDA may be unable to offer fully deliverable transactions for local currency conversions and may therefore limit offerings to non-deliverable conversions.

V. Legal Risk Exercise

46. Going forward, there will also be an exercise undertaken by LEG to focus on current and future legal risks faced by the institution. Later this year, the Senior Vice President and Group General Counsel will brief Senior Management and the Executive Directors about LEG's approach to identifying, mitigating, and managing significant legal risks.

VI. Recommendations

- 1. Based on the above, Management recommends that Executive Directors approve the following:
- (a) the General Conditions for IBRD Financing: Investment Project Financing dated July 14, 2017, substantially in the form attached as Annex A;
- (b) the General Conditions for IBRD Financing: Development Policy Financing, dated July 14, 2017, substantially in the form attached as Annex B;
- (c) the General Conditions for IBRD Financing: Program-for-Results Financing, dated July 14, 2017, substantially in the form attached as Annex C;
- (d) the General Conditions for IDA Financing: Investment Project Financing, dated July 14, 2017, substantially in the form attached as Annex D;
- (e) the General Conditions for IDA Financing: Development Policy Financing, dated July 14, 2017, substantially in the form attached as Annex E;
- (f) the General Conditions for IDA Financing: Program-for-Results Financing, dated July 14, 2017, substantially in the form attached as Annex F;
- (g) the revisions to OP 14.10 and OP 7.00, to delete certain references to key supplemental letters, substantially in the form set out in Annex G;
- (h) the revisions to OP 7.20 to introduce negative-pledge clauses for certain IDA recipients, substantially in the form set out in Annex H; and
- (i) the offer of conversion options for non-concessional credits to IDA recipients, as set out in paragraph 40 above.

ANNEX A

General Conditions for IBRD Financing: Investment Project Financing

International Bank for Reconstruction and Development

General Conditions for IBRD Financing Investment Project Financing

Dated July, ____2017

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ARTICLE I Introductory Provisions

Section 1.01. Application of General Conditions

These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If the Loan Agreement is between the Member Country and the Bank, references in these General Conditions to the Guarantor and the Guarantee Agreement shall be disregarded. If there is no Project Agreement between the Bank and a Project Implementing Entity or Subsidiary Agreement between the Borrower and the Project Implementing Entity, references in these General Conditions to the Project Implementing Entity, the Project Agreement or the Subsidiary Agreement shall be disregarded.

Section 1.02. *Inconsistency with Legal Agreements*

If any provision of the Loan Agreement, the Guarantee Agreement, or the Project Agreement is inconsistent with a provision of these General Conditions, the provision of the Loan Agreement, Guarantee Agreement, or Project Agreement shall prevail.

Section 1.03. *Definitions*

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04. References; Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01. Loan Account; Withdrawals Generally; Currency of Withdrawal

- (a) The Bank shall credit the amount of the Loan to the Loan Account in the Loan Currency. If the Loan is denominated in more than one currency, the Bank shall divide the Loan Account into multiple sub-accounts, one for each Loan Currency.
- (b) The Borrower may from time to time request withdrawals of Loan amounts from the Loan Account in accordance with the provisions of the Loan Agreement, the Disbursement

and Financial Reporting Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower.

- (c) Each withdrawal of a Loan amount from the Loan Account shall be made in the Loan Currency of such amount. The Bank shall, at the request and acting as an agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase with the Loan Currency withdrawn from the Loan Account such Currencies as the Borrower shall reasonably request to meet payments for Eligible Expenditures.
- (d) No withdrawal of any Loan amount from the Loan Account shall be made (other than to repay the Preparation Advance) until the Bank has received from the Borrower payment in full of the Front-end Fee.

Section 2.02. Special Commitment by the Bank

At the Borrower's request and on such terms and conditions as the Bank and the Borrower shall agree, the Bank may enter into special commitments in writing to pay amounts for Eligible Expenditures notwithstanding any subsequent suspension or cancellation by the Bank or the Borrower ("Special Commitment").

Section 2.03. Applications for Withdrawal or for Special Commitment

- (a) When the Borrower wishes to request a withdrawal from the Loan Account or to request the Bank to enter into a Special Commitment, the Borrower shall promptly deliver to the Bank a written application in such form and substance as the Bank shall reasonably request.
- (b) The Borrower shall furnish to the Bank evidence satisfactory to the Bank of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (c) The Borrower shall furnish to the Bank such documents and other evidence in support of each such application as the Bank shall reasonably request, whether before or after the Bank has permitted any withdrawal requested in the application.
- (d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account shall be used only for the purposes specified in the Loan Agreement.
- (e) The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to, or on the order of, the Borrower.

Section 2.04. Designated Accounts

(a) The Borrower may open and maintain one or more designated accounts into which the Bank may, at the request of the Borrower, deposit amounts withdrawn from the Loan Account as advances for purposes of the Project. All designated accounts shall be opened in

a financial institution acceptable to the Bank, and on terms and conditions acceptable to the Bank.

(b) Deposits into, and payments out of, any such designated account shall be made in accordance with the Loan Agreement and such additional instructions as the Bank may specify from time to time by notice to the Borrower, including the World Bank Disbursement Guidelines for Projects. The Bank may, in accordance with the Loan Agreement and such instructions, cease making deposits into any such account upon notice to the Borrower. In such case, the Bank shall notify the Borrower of the procedures to be used for subsequent withdrawals from the Loan Account.

Section 2.05. *Eligible Expenditures*

Expenditures eligible to be financed out of the Loan proceeds shall, except as otherwise provided in the Legal Agreements, satisfy the following requirements ("Eligible Expenditure"):

- (a) the payment is for the reasonable cost of Project activities that meet the requirements of the relevant Legal Agreements;
- (b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (c) the payment is made on or after the date of the Loan Agreement, and, except as the Bank may otherwise agree, is for expenditures incurred on or before the Closing Date.

Section 2.06. Financing Taxes

The use of any proceeds of the Loan to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted pursuant to the Legal Agreements, is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Loan.

Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee, Interest and Other Charges

(a) If the Borrower requests the repayment out of the proceeds of the Loan of an advance be made by the Bank or the Association ("Preparation Advance") and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, and shall cancel the remaining unwithdrawn amount of the advance.

- (b) If the Borrower requests that the Front-end Fee be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such fee.
- (c) If the Borrower requests that interest, Commitment Charge, or other charges on the Loan be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Loan Agreement on the amount to be so withdrawn.

Section 2.08. Allocation of Loan Amounts

If the Bank reasonably determines that in order to meet the purposes of the Loan it is appropriate to reallocate Loan amounts among withdrawal categories, modify the existing withdrawal categories, or modify the percentage of expenditures to be financed by the Bank under each withdrawal category, the Bank may, after consultation with the Borrower, make such modifications, and shall notify the Borrower accordingly.

ARTICLE III Loan Terms

Section 3.01. Front-end Fee; Commitment Charge

- (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07(b), the Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.
- (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.02. Interest

(a) The Borrower shall pay the Bank interest on the Withdrawn Loan Balance at the rate specified in the Loan Agreement; provided, however, that the interest rate applicable to any interest period shall in no event be less than zero percent (0%) per annum; and provided further that, if the Loan Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Loan are withdrawn and shall be payable semi-annually in arrears on each Payment Date.

- (b) If interest on any amount of the Withdrawn Loan Balance is based on a Variable Spread, the Bank shall notify the Loan Parties of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Loan is based on LIBOR or EURIBOR, and the Bank determines that such Reference Rate has permanently ceased to be quoted for the relevant Currency, the Bank shall apply such other comparable Reference Rate for such Currency as it may reasonably determine. The Bank shall promptly notify the Loan Parties of such other rate.
- (d) If interest on any amount of the Withdrawn Loan Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining such interest rate other than as provided in the Loan Agreement, the Bank may modify the basis for determining such interest rate upon not less than three months' notice to the Loan Parties of the new basis. The new basis shall become effective on the expiry of the notice period unless a Loan Party notifies the Bank during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Loan.
- (e) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.03. Repayment

- (a) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement and, if applicable, as further provided in paragraphs (b), (c) (d) and (e) of this Section 3.03. The Withdrawn Loan Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.
- (b) For Loans with a Commitment-linked Amortization Schedule:

The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement provided that:

(i) If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date specified in the Loan Agreement, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (x) the Withdrawn Loan Balance as of the first Principal

Payment Date; by (y) the Installment Share specified in the Loan Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03(e).

- (ii) If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with the Amortization Schedule under the Loan Agreement.
 - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Loan Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03(e).
- (iii) (A) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (B) Notwithstanding the provisions of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- (c) For Loans with a Disbursement-linked Amortization Schedule:
- (i) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement.
- (ii) The Bank shall notify the Loan Parties of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.

- (d) If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of the Loan Agreement and this Section 3.03 shall apply separately to the amount denominated in each Loan Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b)(i) and (ii) above and in the Amortization Schedule in the Loan Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank in accordance with the Conversion Guidelines.

Section 3.04. Prepayment

- (a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.
- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Bank to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Borrower shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank of the Borrower's notice of prepayment; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.
- (d) Notwithstanding Section 3.04 (a) above and unless the Bank agrees otherwise, the Borrower may not prepay in advance of maturity any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Section 3.05. Partial Payment

If the Bank at any time receives less than the full amount of any Loan Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Loan Agreement as it determines in its sole discretion.

Section 3.06. Place of Payment

All Loan Payments shall be paid at such places as the Bank shall reasonably request.

Section 3.07. Currency of Payment

- (a) The Borrower shall pay all Loan Payments in the Loan Currency; and if a Conversion has been effected in respect of any amount of the Loan, as further specified in the Conversion Guidelines.
- (b) If the Borrower so requests and the Bank agrees to such request, the Bank shall, acting as agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase the Loan Currency for the purpose of paying a Loan Payment upon timely payment by the Borrower of sufficient funds for that purpose in a Currency or Currencies acceptable to the Bank; provided, however, that the Loan Payment shall be deemed to have been paid only when and to the extent that the Bank has received such payment in the Loan Currency.

Section 3.08. Temporary Currency Substitution

- (a) If the Bank reasonably determines that an extraordinary situation has arisen under which the Bank shall be unable to provide the Loan Currency at any time for purposes of funding the Loan, the Bank may provide such substitute Currency or Currencies ("Substitute Loan Currency") for the Loan Currency ("Original Loan Currency") as the Bank shall select. During the period of such extraordinary situation: (i) the Substitute Loan Currency shall be deemed to be the Loan Currency for purposes of the Legal Agreements; and (ii) Loan Payments shall be paid in the Substitute Loan Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Bank. The Bank shall promptly notify the Loan Parties of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms of the Loan related to the Substitute Loan Currency.
- (b) Upon notification by the Bank under paragraph (a) of this Section, the Borrower may within thirty (30) days thereafter notify the Bank of its selection of another Currency acceptable to the Bank as the Substitute Loan Currency. In such case, the Bank shall notify the Borrower of the financial terms of the Loan applicable to said Substitute Loan Currency, which shall be determined in accordance with principles reasonably established by the Bank.
- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Loan.

(d) Once the Bank is again able to provide the Original Loan Currency, it shall, at the Borrower's request, change the Substitute Loan Currency to the Original Loan Currency in accordance with principles reasonably established by the Bank.

Section 3.09. Valuation of Currencies

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Bank.

Section 3.10. Manner of Payment

- (a) Any Loan Payment required to be paid to the Bank in the Currency of any country shall be made in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Bank with a depository of the Bank authorized to accept deposits in such Currency.
- (b) All Loan Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country and without deduction for, and free from, any Taxes levied by or in the territory of the Member Country.
- (c) The Legal Agreements shall be free from any Taxes levied by or in the territory of the Member Country on or in connection with their execution, delivery or registration.

ARTICLE IV Conversions of Loan Terms

Section 4.01. Conversions Generally

- (a) The Borrower may, at any time, request a Conversion of the terms of the Loan in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Borrower to the Bank in accordance with the Conversion Guidelines and, upon acceptance by the Bank, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.01(e) below, the Borrower may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Bank and the Borrower.
- (c) Upon acceptance by the Bank of a request for a Conversion, the Bank shall take all actions necessary to effect the Conversion in accordance with the Loan Agreement and the

Conversion Guidelines. To the extent any modification of the provisions of the Loan Agreement providing for withdrawal or repayment of the proceeds of the Loan is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Bank shall notify the Loan Parties of the financial terms of the Loan, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Loan.

- (d) The Borrower shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of the Bank's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.
- (e) Except as otherwise agreed by the Bank, the Borrower may not request additional Conversions of any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Bank and the Borrower and may include transaction fees to cover the underwriting costs of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.02. Conversion to a Fixed Rate or Fixed Spread of Loan that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Loan Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Borrower.

Section 4.03. Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) *Interest Rate Conversion*. Upon an Interest Rate Conversion, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.
- (c) Currency Conversion of Withdrawn Amounts. Upon a Currency Conversion of all or any amount of the Withdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest denominated in the

Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Loan Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.04. Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Borrower shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of an amount of the Withdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Borrower shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (c) Termination of Conversion Period prior to Final Loan Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Loan terminates prior to the final maturity of such portion, the principal amount of such portion of the Loan remaining outstanding in the Loan Currency to which such amount shall revert upon such termination shall be determined by the Bank either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Loan Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Borrower shall repay such principal amount in the Loan Currency in accordance with the provisions of the Loan Agreement.

Section 4.05. Interest Rate Cap; Interest Rate Collar

(a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference

Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.

- (b) Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.
- (c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Borrower shall pay to the Bank a premium on the amount of the Withdrawn Loan Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Bank for an interest rate cap or collar purchased by the Bank from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Borrower not later than sixty (60) days after the Execution Date; or (ii) promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Loan Agreement.

Section 4.06. Early Termination

- (a) The Bank shall have the right to terminate any Conversion effected on such Loan during any period of time in which the Default Interest Rate accrues on the Loan as provided in Section 3.02(e) above.
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Bank as provided in Section 4.06(a), or the Borrower: (i) the Borrower shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank of the Borrower's notice of early termination; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion

Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V Project Execution

Section 5.01. Project Execution Generally

The Borrower and the Project Implementing Entity shall carry out their Respective Parts of the Project:

- (a) with due diligence and efficiency;
- (b) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and
- (c) in accordance with the provisions of the Legal Agreements.

Section 5.02. Performance under the Loan Agreement, Project Agreement and Subsidiary Agreement

- (a) The Guarantor shall not take or permit to be taken any action which would prevent or interfere with the execution of the Project or the performance of the obligations of the Borrower or the Project Implementing Entity under the Legal Agreement to which it is a party.
- (b) The Borrower shall: (i) cause the Project Implementing Entity to perform all of the obligations of the Project Implementing Entity set forth in the Project Agreement or the Subsidiary Agreement in accordance with the provisions of the Project Agreement or Subsidiary Agreement; and (ii) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.03. Provision of Funds and other Resources

The Borrower shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Project; and (b) necessary or appropriate to enable the Project Implementing Entity to perform its obligations under the Project Agreement or the Subsidiary Agreement.

Section 5.04. Insurance

The Borrower and the Project Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Project and to be financed out of the proceeds of the Loan, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 5.05. Land Acquisition

The Borrower and the Project Implementing Entity shall take (or cause to be taken) all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Project and shall promptly furnish to the Bank, upon its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.

Section 5.06. Use of Goods, Works and Services; Maintenance of Facilities

- (a) Except as the Bank shall otherwise agree, the Borrower and the Project Implementing Entity shall ensure that all goods, works and services financed out of the proceeds of the Loan are used exclusively for the purposes of the Project.
- (b) The Borrower and the Project Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

Section 5.07. Plans; Documents; Records

- (a) The Borrower and the Project Implementing Entity shall furnish to the Bank all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Project, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Bank shall reasonably request.
- (b) The Borrower and the Project Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Project (including its cost and the benefits to be derived from it), to identify the Eligible Expenditures financed out of the proceeds of the Loan and to disclose their use in the Project, and shall furnish such records to the Bank upon its request.
- (c) The Borrower and the Project Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Project until at least the later of: (i) one year after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made; and (ii) two years after the Closing Date. The Borrower and the Project Implementing Entity shall enable the Bank's representatives to examine such records.

Section 5.08. Project Monitoring and Evaluation

(a) The Borrower and the Project Implementing Entity shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Project and the achievement of its objectives.

- (b) The Borrower shall prepare or cause to be prepared periodic reports ("Project Report"), in form and substance satisfactory to the Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project and to achieve the Project's objectives. The Borrower shall furnish or cause to be furnished each Project Report to the Bank promptly upon its preparation, afford the Bank a reasonable opportunity to exchange views with the Borrower and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Bank's views on the matter.
- (c) Except as the Bank may reasonably determine otherwise, the Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six (6) months after the Closing Date: (i) a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Project, the performance by the Loan Parties, the Project Implementing Entity and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan; and (ii) a plan designed to ensure the sustainability of the Project's achievements.

Section 5.09. Financial Management; Financial Statements; Audits

(a) (i) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) the Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect its operations, resources and expenditures, and/or those of the Project, as may be further specified in the Disbursement and Financial Reporting Letter.

(b) The Borrower and the Project Implementing Entity shall:

- (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
- (ii) not later than the date specified in the Disbursement and Financial Reporting Letter, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request;
- (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank; and
- (iv) if requested by the Bank, periodically furnish or cause to be furnished to the Bank interim unaudited financial reports for the Project, in form and substance satisfactory to the Bank and as further specified in the Disbursement and Financial Reporting Letter.

Section 5.10. Cooperation and Consultation

The Bank and the Loan Parties shall cooperate fully to assure that the purposes of the Loan and the objectives of the Project will be accomplished. To that end, the Bank and the Loan Parties shall:

- (a) from time to time, at the request of any one of them, exchange views on the Project, the Loan, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.11. Visits

- (a) The Member Country shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan or the Project.
- (b) The Borrower and the Project Implementing Entity shall enable the Bank's representatives to: (i) visit any facilities and construction sites included in their Respective Parts of the Project; and (ii) to examine the goods financed out of the proceeds of the Loan for their Respective Parts of the Project, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.12. Disputed Area

In the event that the Project is in an area which is or becomes disputed, neither the Bank's financing of the Project, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Bank as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

Section 5.13. Procurement

All goods, works, and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section 5.14. Anti-Corruption

The Borrower and the Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

ARTICLE VI

Financial and Economic Data; Negative Pledge; Financial Condition

Section 6.01. Financial and Economic Data

- (a) The Member Country shall furnish to the Bank all such information as the Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- (b) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000, as may be revised from time to time ("DRSM")), in accordance with the DRSM, and in particular, to notify the Bank of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Bank of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.
- (c) The Member Country represents, as at the date of the Loan Agreement, that no defaults exist in respect of any "external public debt" (as defined in the DRSM) except those listed in a notification from the Member Country to the Bank.

Section 6.02. Negative Pledge

- (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure all Loan Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Bank secure all Loan Payments by an equivalent Lien on other Public Assets satisfactory to the Bank.
- (b) The Borrower which is not the Member Country undertakes that, except as the Bank shall otherwise agree:

- (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Loan Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Bank; and
- (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Bank, an equivalent Lien satisfactory to the Bank to secure the payment of all Loan Payments.
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.
- (d) The Member Country represents, as at the date of the Loan Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Bank and those excluded pursuant to paragraph (c) of this Section 6.02.

Section 6.03. Financial Condition

If the Bank has determined that the financial condition of the Borrower, which is not the Member Country, or the Project Implementing Entity, is a material factor in the Bank's decision to lend, the Bank shall have the right, as a condition to lend, to require that such Borrower or Project Implementing Entity provides the Bank with representations and warranties related to its financial and operating conditions, satisfactory to the Bank.

ARTICLE VII Cancellation; Suspension; Refund; Acceleration

Section 7.01. Cancellation by the Borrower

The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance, except that the Borrower may not cancel any such amount that is subject to a Special Commitment.

Section 7.02. Suspension by the Bank

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Bank may, by notice to the Loan Parties, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account. Such suspension shall continue until the event (or events) which gave rise to the suspension has (or have) ceased to exist, unless the Bank has notified the Loan Parties that such right to make withdrawals has been restored.

(a) Payment Failure.

- (i) The Borrower has failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of principal or interest or any other amount due to the Bank or the Association: (A) under the Loan Agreement; or (B) under any other agreement between the Bank and the Borrower; or (C) under any agreement between the Borrower and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Borrower.
- (ii) The Guarantor has failed to make payment of principal or interest or any other amount due to the Bank or the Association: (A) under the Guarantee Agreement; or (B) under any other agreement between the Guarantor and the Bank; or (C) under any agreement between the Guarantor and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Guarantor.

(b) Performance Failure.

- (i) A Loan Party has failed to perform any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement.
- (ii) The Project Implementing Entity has failed to perform any obligation under the Project Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Bank determines that any representative of the Guarantor or the Borrower or the Project Implementing Entity (or any other recipient of any of the proceeds of the Loan) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Loan, without the Guarantor or the Borrower or the Project Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) *Cross Suspension*. The Bank or the Association has suspended in whole or in part the right of a Loan Party to make withdrawals under any agreement with the Bank or with the Association because of a failure by a Loan Party to perform any of its obligations under such agreement or any other agreement with the Bank.

(e) Extraordinary Situation.

(i) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation has arisen which makes it improbable that the Project can be carried out or that a Loan Party or the Project Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.

- (ii) An extraordinary situation has arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement.
- (f) Event Prior to Effectiveness. The Bank has determined after the Effective Date that prior to such date but after the date of the Loan Agreement, an event has occurred which would have entitled the Bank to suspend the Borrower's right to make withdrawals from the Loan Account if the Loan Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by a Loan Party in or pursuant to the Legal Agreements, or in or pursuant to any Derivatives Agreement, or any representation or statement furnished by a Loan Party, and intended to be relied upon by the Bank in making the Loan or executing a transaction under a Derivatives Agreement, was incorrect in any material respect.
- (h) *Co-financing*. Any of the following events occurs with respect to any financing specified in the Loan Agreement to be provided for the Project ("Co-financing") by a financier (other than the Bank or the Association) ("Co-financier");
 - (i) If the Loan Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Bank has established by notice to the Loan Parties ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that adequate funds for the Project are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.
 - (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.
- (i) Assignment of Obligations; Disposition of Assets. The Borrower or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has, without the consent of the Bank:
 - (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or

- (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Loan; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Bank: (A) do not materially and adversely affect the ability of the Borrower or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Borrower (other than the Member Country) or the Project Implementing Entity (or such other entity).
- (j) *Membership*. The Member Country: (i) has been suspended from membership in or ceased to be a member of the Bank; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Borrower or Project Implementing Entity.
 - (i) Any material adverse change in the condition of the Borrower (other than the Member Country), as represented by it, has occurred prior to the Effective Date.
 - (ii) The Borrower (other than the Member Country) has become unable to pay its debts as they mature or any action or proceeding has been taken by the Borrower or by others whereby any of the assets of the Borrower shall or may be distributed among its creditors.
 - (iii) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than the Member Country) or of the Project Implementing Entity (or any other entity responsible for implementing any part of the Project).
 - (iv) The Borrower (other than the Member Country) or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Loan Agreement.
 - (v) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than the Member Country) or of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Borrower or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Project.
- (1) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or

collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower or the Project Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.

(m) Additional Event. Any other event specified in the Loan Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 7.03. Cancellation by the Bank

If any of the events specified in paragraphs (a) through (f) of this Section occurs with respect to an amount of the Unwithdrawn Loan Balance, the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount shall be cancelled.

- (a) *Suspension*. The right of the Borrower to make withdrawals from the Loan Account has been suspended with respect to any amount of the Unwithdrawn Loan Balance for a continuous period of thirty (30) days.
- (b) *Amounts not Required*. At any time, the Bank determines, after consultation with the Borrower, that an amount of the Unwithdrawn Loan Balance will not be required to finance Eligible Expenditures.
- (c) Fraud and Corruption. At any time, the Bank determines, with respect to any amount of the proceeds of the Loan, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Guarantor or the Borrower or the Project Implementing Entity (or other recipient of the proceeds of the Loan) without the Guarantor, the Borrower or the Project Implementing Entity (or other recipient of the proceeds of the Loan) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) *Misprocurement*. At any time, the Bank: (i) determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Legal Agreements; and (ii) establishes the amount of expenditures under such contract which would otherwise have been eligible for financing out of the proceeds of the Loan.
- (e) Closing Date. After the Closing Date, there remains an Unwithdrawn Loan Balance.
- (f) Cancellation of Guarantee. The Bank receives notice from the Guarantor pursuant to Section 7.06 with respect to an amount of the Loan.

Section 7.04. Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank

No cancellation or suspension by the Bank shall apply to amounts of the Loan subject to any Special Commitment except as expressly provided in the Special Commitment.

Section 7.05. Loan Refund

- (a) If the Bank determines that an amount of the Loan has been used in a manner inconsistent with the provisions of the Legal Agreement, the Borrower shall, upon notice by the Bank to the Borrower, promptly refund such amount to the Bank. Such inconsistent use shall include, without limitation:
 - (i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or
 - (ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount; or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Borrower (or the Member Country, if the Borrower is not the Member Country, or other recipient of such amount of the Loan), in either case without the Borrower (or Member Country, or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (b) Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.
- (c) If any notice of refund is given pursuant to Section 7.05(a) during the Conversion Period for any Conversion applicable to a Loan: (i) the Borrower shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (ii) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the refund.

Section 7.06. Cancellation of Guarantee

If the Borrower has failed to pay any required Loan Payment (otherwise than as a result of any act or omission to act of the Guarantor) and such payment is made by the Guarantor, the Guarantor may, after consultation with the Bank, by notice to the Bank and the Borrower, terminate its obligations under the Guarantee Agreement with respect to any amount of the Unwithdrawn Loan Balance as at the date of receipt of such notice by the Bank; provided

that such amount is not subject to any Special Commitment. Upon receipt of such notice by the Bank, such obligations in respect of such amount shall terminate.

Section 7.07. Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Bank may, by notice to the Loan Parties, declare all or part of the Withdrawn Loan Balance as at the date of such notice to be due and payable immediately together with any other Loan Payments due under the Loan Agreement. Upon any such declaration, such Withdrawn Loan Balance and Loan Payments shall become immediately due and payable.

(a) Payment Default. A default has occurred in the payment by a Loan Party of any amount due to the Bank or the Association: (i) under any Legal Agreement; or (ii) under any other agreement between the Bank and the Loan Party; or (iii) under any agreement between the Loan Party and the Association (in the case of an agreement between the Guarantor and the Association, under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement); or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Loan Party; and such default continues in each case for a period of thirty (30) days.

(b) Performance Default.

- (i) A default has occurred in the performance by a Loan Party of any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Loan Parties.
- (ii) A default has occurred in the performance by the Project Implementing Entity of any obligation under the Project Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Project Implementing Entity and the Loan Parties.
- (c) *Co-financing*. The event specified in sub-paragraph (h) (ii) (B) of Section 7.02 has occurred, subject to the provisions of paragraph (h) (iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 7.02 has occurred.
- (e) Condition of Borrower or Project Implementing Entity. Any event specified in subparagraph (k) (ii), (k) (iii), (k) (iv) or (k) (v) of Section 7.02 has occurred.
- (f) Additional Event. Any other event specified in the Loan Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Loan Agreement ("Additional Event of Acceleration").

Section 7.08. Acceleration during a Conversion Period

If the Loan Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 7.07 during the Conversion Period for any Conversion applicable to a Loan: (a) the Borrower shall pay a transaction fee in respect of any early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (b) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the effective date of the acceleration.

Section 7.09. Effectiveness of Provisions after Cancellation, Suspension, Refund or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

ARTICLE VIII Enforceability; Arbitration

Section 8.01. Enforceability

The rights and obligations of the Bank and the Loan Parties under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Bank nor any Loan Party shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

Section 8.02. *Obligations of the Guarantor*

Except as provided in Section 7.06, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance, and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower or any prior notice to or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance or concession given to the Borrower; (b) any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by its terms; or (d) any failure of the Borrower or of the Project Implementing Entity to comply with any requirement of any law of the Member Country.

Section 8.03. Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 8.04. Arbitration

- (a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement, and any claim by any such party against any other such party arising under the Loan Agreement or the Guarantee Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal as hereinafter provided ("Arbitral Tribunal").
- (b) The parties to such arbitration shall be the Bank on the one side and the Loan Parties on the other side.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Bank; (ii) a second arbitrator shall be appointed by the Loan Parties or, if they do not agree, by the Guarantor; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.
- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the Bank on the one side and the Loan Parties on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.
- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement or of any claim by any such party against any other such party arising under such Legal Agreements.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Loan Agreement or Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Member Country except as such procedure may be available otherwise than by reason of the provisions of this Section.
- (1) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 10.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE IX Effectiveness; Termination

Section 9.01. Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Loan Party and the Project Implementing Entity confirm and the Bank is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Loan Party or the Project Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Bank so requests, the condition of the Borrower (other than the Member Country) or of the Project Implementing Entity, as represented and warranted to the Bank at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Loan Agreement as a condition of its effectiveness has occurred. ("Additional Condition of Effectiveness")

Section 9.02. *Legal Opinions or Certificates; Representation and Warranty*

For the purpose of confirming that the conditions specified in paragraph (a) of Section 9.01 above have been met:

- (a) The Bank may require an opinion or certificate satisfactory to the Bank confirming: (i) on behalf of the Loan Party or the Project Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Legal Agreement or reasonably requested by the Bank in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Bank does not require an opinion or certificate pursuant to Section 9.02(a), by signing the Legal Agreement to which it is a party, the Loan Party or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Loan Party or the Project Implementing Entity shall notify the Bank when such additional action has been taken. By providing such notification, the Loan Party or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 9.03. *Effective Date*

(a) Except as the Bank and the Borrower shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Bank dispatches to the Loan Parties and the

Project Implementing Entity notice confirming it is satisfied that the conditions specified in Section 9.01 have been met ("Effective Date").

(b) If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, or the Bank has determined that an extraordinary situation provided for under Section 3.08 (a) exists, the Bank may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 9.04. Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Loan Agreement for the purpose of this Section, unless the Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Bank shall promptly notify the Loan Parties and Project Implementing Entity of such later Effectiveness Deadline.

Section 9.05. Termination of Legal Agreements on Performance of All Obligations

- (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Loan Balance and all other Loan Payments due.
- (b) If the Loan Agreement specifies a date by which certain provisions of the Loan Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms.
- (c) If the Project Agreement specifies a date on which the Project Agreement shall terminate, the Project Agreement and all obligations of the parties under the Project Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms. The Bank shall promptly notify the Project Implementing Entity if the Loan Agreement terminates in accordance with its terms prior to the date so specified in the Project Agreement.

ARTICLE X Miscellaneous Provisions

Section 10.01. Execution of Legal Agreements; Notices and Requests

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 9.03 (a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 10.02. Action on Behalf of the Loan Parties and the Project Implementing Entity

- (a) The representative designated by a Loan Party in the Legal Agreement to which it is a party (and the representative designated by the Project Implementing Entity in the Project Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement, on behalf of such Loan Party (or the Project Implementing Entity).
- (b) The representative so designated by the Loan Party or person so authorized by such representative may agree to any modification or amplification of the provisions of such Legal Agreement on behalf of such Loan Party by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Loan Parties under the Legal Agreements. The Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 10.03. Evidence of Authority

The Loan Parties and the Project Implementing Entity shall furnish to the Bank: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party;

and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 10.01(b).

Section 10.04. Disclosure

The Bank may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Loan Agreement for the purpose of Section 9.01 (c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Loan Agreement for the purpose of Section 7.07 (f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Loan Agreement for the purpose of Section 7.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Loan Agreement for purposes of Section 3.03.
- 5. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", in effect on the date of the Loan Agreement.
- 6. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Bank, which, upon the Conversion, becomes the Loan Currency.
- 7. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 8.04.
- 8. "Association" means the International Development Association.
- 9. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Loan Balance, a Currency Conversion from the Loan Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Loan from the Loan Account.
- 10. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either: (i) the initial Reference Rate component of the interest rate for a Loan based on a

Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Loan with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Loan withdrawn from the Loan Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Loan Agreement or in a separate request from the Borrower.

- 11. "Bank" means the International Bank for Reconstruction and Development.
- 12. "Borrower" means the party to the Loan Agreement to which the Loan is extended.
- 13. "Borrower's Representative" means the Borrower's representative specified in the Loan Agreement for the purpose of Section 10.02.
- 14. "Closing Date" means the date specified in the Loan Agreement (or such other date as the Bank shall establish, upon a request from the Borrower, by notice to the Loan Parties) after which the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to withdraw from the Loan Account.
- 15. "Co-financier" means the financier (other than the Bank or the Association) referred to in Section 7.02 (h) providing the Co-financing. If the Loan Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 16. "Co-financing" means the financing referred to in Section 7.02 (h) and specified in the Loan Agreement provided or to be provided for the Project by the Co-financier. If the Loan Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 17. "Co-financing Agreement" means the agreement referred to in Section 7.02 (h) providing for the Co-financing.
- 18. "Co-financing Deadline" means the date referred to in Section 7.02 (h) (i) and specified in the Loan Agreement by which the Co-financing Agreement is to become effective. If the Loan Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).
- 20. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Loan by the Bank and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 21. "Conversion" means any of the following modifications of the terms of all or any portion of the Loan that has been requested by the Borrower and accepted by the Bank: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Loan Agreement and in the Conversion Guidelines.

- 22. "Conversion Date" means, for a Conversion, such date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Loan Agreement provides for Automatic Conversions to Local Currency the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.
- 23. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association, and in effect at the time of the Conversion.
- 24. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 25. "Counterparty" means a party with which the Bank enters into a derivatives transaction in order to effect a Conversion.
- 26. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Member Country.
- 27. "Currency" means the currency of a country and the Special Drawing Right of the International Monetary Fund. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 28. "Currency Conversion" means a change of the Loan Currency of all or any amount of the Unwithdrawn Loan Balance or the Withdrawn Loan Balance to an Approved Currency.
- 29. "Currency Hedge Notes Transaction" means one or more notes issues by the Bank and denominated in an Approved Currency on such terms as may be agreed between the Borrower and the Bank, for purposes of executing a Currency Conversion.
- 30. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 31. "Currency Hedge Swap Transaction" means one or more Currency swap transactions entered into by the Bank with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.
- 32. "Default Interest Period" means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.

- 33. "Default Interest Rate" means for any Default Interest Period: (a) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and (b) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).
- 34. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue.
- 35. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that: (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue; and (b) for an amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 36. "Derivatives Agreement" means any derivatives agreement between the Bank and a Loan Party (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Bank and such Loan Party (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 37. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account during such Interest Period, in Section 3.03(a)
- 38. "Disbursement-Linked Amortization Schedule" means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 39. "Disbursement and Financial Reporting Letter" means the letter transmitted by the Bank to the Borrower as part of the additional instructions to be issued under Section 2.01 (b).
- 40. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 41. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 9.03 (a).

- 42. "Effectiveness Deadline" means the date referred to in Section 9.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
- 43. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.
- 44. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic documents, acceptable to the Bank and in accordance with any such additional instructions as the Bank may specify from time to time by notice to the Borrower.
- 45. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 46. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Bank.
- 47. "Eligible Expenditure" means an expenditure which meets the requirements of Section 2.05.
- 48. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.
- 49. "Euro", "€" and "EUR" each means the lawful currency of the Euro Area.
- 50. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- 51. "Execution Date" means, for a Conversion, the date on which the Bank has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Bank.
- 52. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal financial center of the relevant member state in the Euro Area.
- 53. "Financial Statements" means the financial statements referred to in Section 5.09 (a).

- 54. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).
- 55. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).
- "Fixed Spread" means the Bank's fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Bank's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, "Fixed Spread" means the Bank's fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.
- 57. "Front-end Fee" means the fee specified in the Loan Agreement for the purpose of Section 3.01 (a).
- "Guarantee Agreement" means the agreement between the Member Country and the Bank providing for the guarantee of the Loan, as such agreement may be amended from time to time. "Guarantee Agreement" includes these General Conditions as applied to the Guarantee Agreement, and all appendices, schedules and agreements supplemental to the Guarantee Agreement.
- 59. "Guarantor" means the Member Country which is a party to the Guarantee Agreement.
- 60. "Guarantor's Representative" means the Guarantor's representative specified in the Loan Agreement for the purpose of Section 10.02.
- 61. "Installment Share" means the percentage of the total principal amount of the Loan payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 62. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Bank with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.

- 63. "Interest Period" means the initial period from and including the date of the Loan Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 64. "Interest Rate Cap" means, with respect to all or any amount of the Withdrawn Loan Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 65. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Loan Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 66. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Loan Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 67. "Legal Agreement" means any of the Loan Agreement, the Guarantee Agreement, the Project Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 68. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Loan Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 69. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 70. "Loan" means the loan provided for in the Loan Agreement.
- 71. "Loan Account" means the account opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited.
- 72. "Loan Agreement" means the loan agreement between the Bank and the Borrower providing for the Loan, as such agreement may be amended from time to time. "Loan Agreement" includes these General Conditions as applied to the Loan Agreement, and all appendices, schedules and agreements supplemental to the Loan Agreement.
- 73. "Loan Currency" means the Currency in which the Loan is denominated; provided that if the Loan Agreement provides for Conversions, "Loan Currency" means the Currency

in which the Loan is denominated from time to time. If the Loan is denominated in more than one currency, "Loan Currency" refers separately to each of such Currencies.

- 74. "Loan Party" means the Borrower or the Guarantor. "Loan Parties" means collectively, the Borrower and the Guarantor.
- 75. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.
- 76. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Bank.
- 77. "London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign Currency deposits) in London.
- 78. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.
- 79. "Member Country" means the member of the Bank which is the Borrower or the Guarantor.
- 80. "Original Loan Currency" means the currency of denomination of the Loan as defined in Section 3.08.
- 81. "Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest and Commitment Charge are payable.
- 82. "Preparation Advance" means the advance referred to in the Loan Agreement and repayable in accordance with Section 2.07 (a).
- 83. "Principal Payment Date" means each date specified in the Loan Agreement on which all or any portion of the principal amount of the Loan is payable.
- 84. "Procurement Plan" means the Borrower's procurement plan for the Project, provided for under Section IV of the Procurement Regulations, as such plan may be updated from time to time with the Bank's approval.
- 85. "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", in effect on the date of the Loan Agreement.

- 86. "Project" means the project described in the Loan Agreement for which the Loan is extended, as the description of such project may be amended from time to time by agreement between the Bank and the Borrower.
- 87. "Project Agreement" means the agreement between the Bank and the Project Implementing Entity relating to the implementation of all or part of the Project, as such agreement may be amended from time to time. "Project Agreement" includes these General Conditions as applied to the Project Agreement, and all appendices, schedules and agreements supplemental to the Project Agreement.
- 88. "Project Implementing Entity" means a legal entity (other than the Borrower or the Guarantor) which is responsible for implementing all or a part of the Project and which is a party to the Project Agreement or the Subsidiary Agreement.
- 89. "Project Implementing Entity's Representative" means the Project Implementing Entity's representative specified in the Project Agreement for the purpose of Section 10.02 (a).
- 90. "Project Report" means each report on the Project to be prepared and furnished to the Bank pursuant to Section 5.08 (b).
- 91. "Public Assets" means assets of the Member Country, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- 92. "Reference Rate" means, for any Interest Period:
 - (a) for USD, JPY and GBP, LIBOR for the relevant Loan Currency. If such rate does not appear on the Relevant Rate Page, the Bank shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in the relevant Loan Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four major banks selected by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Loan Currency to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for the relevant Loan Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;
 - (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Bank shall request the principal Euro Area office of each of four major banks to

provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four major banks selected by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;

- (c) if the Bank determines that LIBOR (in respect of USD, JPY and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Bank shall determine pursuant to Section 3.02 (c); and
- (d) for any currency other than USD, Euro, JPY and GBP: (i) such reference rate for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Bank in accordance with the Conversion Guidelines and notice thereof given to the Borrower in accordance with Section 4.01(c).

93. "Reference Rate Reset Date" means:

- (a) for USD, JPY and GBP the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any of USD, JPY or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);
- (b) for EUR, the day two TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two TARGET Settlement Days prior to the first or fifteenth day of the month in which the Loan

Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two TARGET Settlement Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to EUR falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two TARGET Settlement Days prior to the Conversion Date);

- (c) if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or as agreed by the Bank and the Borrower for such Conversion; and
- (d) for any currency other than USD, EUR, JPY and GBP: (i) such day for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Bank and notice thereof given to the Borrower in accordance with Section 4.01(c).
- 94. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Bank as the page for the purpose of displaying the Reference Rate for deposits in the Loan Currency.
- 95. "Respective Part of the Project" means, for the Borrower and for any Project Implementing Entity, the part of the Project specified in the Legal Agreements to be carried out by it.
- 96. "Screen Rate" means with respect to a Conversion, such rate as determined by the Bank on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines.
- 97. "Special Commitment" means any special commitment entered into or to be entered into by the Bank pursuant to Section 2.02.
- 98. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.
- 99. "Subsidiary Agreement" means the agreement that the Borrower enters into with the Project Implementing Entity setting forth the respective obligations of the Borrower and the Project Implementing Entity with respect to the Project.

- 100. "Substitute Loan Currency" means the substitute currency of denomination of a Loan as defined in Section 3.08.
- 101. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.
- 102. "Taxes" includes imposts, levies, fees and duties of any nature whether in effect at the date of the Legal Agreements or imposed after that date.
- 103. "Umpire" means the third arbitrator appointed pursuant to Section 8.04 (c).
- 104. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Borrower to the Bank equal to the net aggregate amount payable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Bank to the Borrower equal to the net aggregate amount receivable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.
- 105. "Unwithdrawn Loan Balance" means the amount of the Loan remaining unwithdrawn from the Loan Account from time to time.
- 106. "Variable Rate" means: (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Loan Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread; and (b) in case of a Conversion, such variable rate as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c).
- 107. "Variable Spread" means, for each Interest Period: (a) (1) the Bank's standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Bank and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 108. "Withdrawn Loan Balance" means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.

- 109. "World Bank Disbursement Guidelines for Projects" means the World Bank guidelines, as revised from time to time, and issued as part of the additional instructions under Section 2.01 (b).
- 110. "Yen", "¥" and "JPY" each means the lawful currency of Japan.

General Conditions for IBRD Financing: Development Policy Financing

International Bank for Reconstruction and Development

General Conditions for IBRD Financing Development Policy Financing

Dated July ___, 2017

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ARTICLE I Introductory Provisions

Section 1.01. *Application of General Conditions*

These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If the Loan Agreement is between the Member Country and the Bank, references in these General Conditions to the Guarantor and the Guarantee Agreement shall be disregarded. If there is no Program Agreement between the Bank and a Program Implementing Entity or Subsidiary Agreement between the Borrower and the Program Implementing Entity, references in these General Conditions to the Program Implementing Entity, the Program Agreement or the Subsidiary Agreement shall be disregarded.

Section 1.02. *Inconsistency with Legal Agreements*

If any provision of the Loan Agreement, the Guarantee Agreement, or the Program Agreement is inconsistent with a provision of these General Conditions, the provision of the Loan Agreement, Guarantee Agreement, or Program Agreement shall prevail.

Section 1.03. *Definitions*

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04. References; Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections, Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01. Loan Account; Withdrawals Generally; Currency of Withdrawal

- (a) The Bank shall credit the amount of the Loan to the Loan Account in the Loan Currency. If the Loan is denominated in more than one currency, the Bank shall divide the Loan Account into multiple sub-accounts, one for each Loan Currency.
- (b) The Borrower may from time to time request withdrawals of Loan amounts from the Loan Account in accordance with the provisions of the Loan Agreement and such additional instructions as the Bank may specify from time to time by notice to the Borrower.
- (c) Each withdrawal of a Loan amount from the Loan Account shall be made in the Loan Currency of such amount. The Bank shall, at the request and acting as an agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase with the

Loan Currency withdrawn from the Loan Account such Currencies as the Borrower shall request pursuant to Section 2.01 (b).

(d) No withdrawal of any Loan amount from the Loan Account shall be made (other than to repay the Preparation Advance) until the Bank has received from the Borrower payment in full of the Front-end Fee.

Section 2.02. Applications for Withdrawal

- (a) When the Borrower wishes to request a withdrawal from the Loan Account, the Borrower shall promptly deliver to the Bank a written application in such form and substance as the Bank shall reasonably request.
- (b) The Borrower shall furnish to the Bank evidence satisfactory to the Bank of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (c) The Borrower shall furnish to the Bank such documents and other evidence in support of each such application as the Bank shall reasonably request, whether before or after the Bank has permitted any withdrawal requested in the application.
- (d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for, and that the amount to be withdrawn from the Loan Account shall be used only for the purposes specified in the Loan Agreement.
- (e) The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to, or on the order of, the Borrower.

Section 2.03. Deposit of Loan Amounts

- (a) Except as the Bank may otherwise agree, all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank.
- (b) The Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.

Section 2.04. *Eligible Expenditures and Excluded Expenditures*

The Loan proceeds may be used for any Eligible Expenditures, but the Borrower undertakes to ensure that these proceeds shall not be used for Excluded Expenditures.

Section 2.05. Refinancing Preparation Advance; Capitalizing Front-end Fee, Interest and Other Charges

- (a) If the Borrower requests the repayment out of the proceeds of the Loan of an advance be made by the Bank or the Association ("Preparation Advance") and the Bank agrees to such a request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, and shall cancel the remaining unwithdrawn amount of the advance.
- (b) If the Borrower requests that the Front-end Fee be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such fee.
- (c) If the Borrower requests that interest, Commitment Charge, or other charges on the Loan be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Loan Agreement on the amount to be so withdrawn.

Section 2.06. Allocation of Loan Amounts

If the Bank reasonably determines that in order to meet the purposes of the Loan it is appropriate to reallocate Loan amounts among withdrawal categories or modify the existing withdrawal categories, the Bank may, after consultation with the Borrower, make such modifications, and shall notify the Borrower accordingly.

ARTICLE III Loan Terms

Section 3.01. Front-end Fee; Commitment Charge

- (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.05(b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.05(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.02. Interest

(a) The Borrower shall pay the Bank interest on the Withdrawn Loan Balance at the rate specified in the Loan Agreement; provided, however, that the interest rate applicable to any

interest period shall in no event be less than zero percent (0%) per annum; and provided further that, if the Loan Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Loan are withdrawn and shall be payable semi-annually in arrears on each Payment Date.

- (b) If interest on any amount of the Withdrawn Loan Balance is based on a Variable Spread, the Bank shall notify the Loan Parties of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Loan is based on LIBOR or EURIBOR, and the Bank determines that such Reference Rate has permanently ceased to be quoted for the relevant Currency, the Bank shall apply such other comparable Reference Rate for such Currency as it may reasonably determine. The Bank shall promptly notify the Loan Parties of such other rate.
- (d) If interest on any amount of the Withdrawn Loan Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining such interest rate other than as provided in the Loan Agreement, the Bank may modify the basis for determining such interest rate upon not less than three months' notice to the Loan Parties of the new basis. The new basis shall become effective on the expiry of the notice period unless a Loan Party notifies the Bank during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Loan.
- (e) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.03. Repayment

- (e) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement and, if applicable, as further provided in paragraphs (b), (c), (d), and (e) of this Section 3.03. The Withdrawn Loan Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.
- (f) For Loans with a Commitment-linked Amortization Schedule:

The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement provided that:

- (iii) If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date specified in the Loan Agreement, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (x) the Withdrawn Loan Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Loan Agreement for each Principal Payment Date, adjusted as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03(e).
- (ii) If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with the Amortization Schedule under the Loan Agreement.
 - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Loan Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03(e).
- (iii) (A) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (C) Notwithstanding the provisions of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- (g) For Loans with a Disbursement-linked Amortization Schedule:
 - (iii) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement.

- (iv) The Bank shall notify the Loan Parties of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
- (h) If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of the Loan Agreement and this Section 3.03 shall apply separately to the amount denominated in each Loan Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the Amortization Schedule in the Loan Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank in accordance with the Conversion Guidelines.

Section 3.04. Prepayment

- (a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.
- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Bank to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Borrower shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank of the Borrower's notice of prepayment; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.

(d) Notwithstanding Section 3.04 (a) above and unless the Bank agrees otherwise, the Borrower may not prepay in advance of maturity any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Section 3.05. Partial Payment

If the Bank at any time receives less than the full amount of any Loan Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Loan Agreement as it determines in its sole discretion.

Section 3.06. Place of Payment

All Loan Payments shall be paid at such places as the Bank shall reasonably request.

Section 3.07. Currency of Payment

- (a) The Borrower shall pay all Loan Payments in the Loan Currency; and if a Conversion has been effected in respect of any amount of the Loan, as further specified in the Conversion Guidelines.
- (b) If the Borrower so requests and the Bank agrees to such request, the Bank shall, acting as agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase the Loan Currency for the purpose of paying a Loan Payment upon timely payment by the Borrower of sufficient funds for that purpose in a Currency or Currencies acceptable to the Bank; provided, however, that the Loan Payment shall be deemed to have been paid only when, and to the extent that the Bank has received such payment in the Loan Currency.

Section 3.08. Temporary Currency Substitution

- (a) If the Bank reasonably determines that an extraordinary situation has arisen under which the Bank shall be unable to provide the Loan Currency at any time for purposes of funding the Loan, the Bank may provide such substitute Currency or Currencies ("Substitute Loan Currency") for the Loan Currency ("Original Loan Currency") as the Bank shall select. During the period of such extraordinary situation: (i) the Substitute Loan Currency shall be deemed to be the Loan Currency for purposes of the Legal Agreements; and (ii) Loan Payments shall be paid in the Substitute Loan Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Bank. The Bank shall promptly notify the Loan Parties of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms of the Loan related to the Substitute Loan Currency.
- (b) Upon notification by the Bank under paragraph (a) of this Section, the Borrower may, within thirty (30) days, thereafter notify the Bank of its selection of another Currency acceptable to the Bank as the Substitute Loan Currency. In such case, the Bank shall notify the Borrower of the financial terms of the Loan applicable to said Substitute Loan Currency, which shall be determined in accordance with principles reasonably established by the Bank.

- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Loan.
- (d) Once the Bank is again able to provide the Original Loan Currency, it shall, at the Borrower's request, change the Substitute Loan Currency to the Original Loan Currency in accordance with principles reasonably established by the Bank.

Section 3.09. Valuation of Currencies

Whenever it becomes necessary for the purposes of any Legal Agreement to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Bank.

Section 3.10. Manner of Payment

- (a) Any Loan Payment required to be paid to the Bank in the Currency of any country shall be made in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Bank with a depository of the Bank authorized to accept deposits in such Currency.
- (b) All Loan Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country and without deduction for, and free from, any Taxes levied by or in the territory of the Member Country.
- (c) The Legal Agreements shall be free from any Taxes levied by or in the territory of the Member Country on or in connection with their execution, delivery or registration.

ARTICLE IV Conversions of Loan Terms

Section 4.01. Conversions Generally

- (a) The Borrower may, at any time, request a Conversion of the terms of the Loan in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Borrower to the Bank in accordance with the Conversion Guidelines and, upon acceptance by the Bank, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.01(e) below, the Borrower may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Bank and the Borrower.

- (c) Upon acceptance by the Bank of a request for a Conversion, the Bank shall take all actions necessary to effect the Conversion in accordance with the Loan Agreement and the Conversion Guidelines. To the extent that any modification of the provisions of the Loan Agreement providing for withdrawal or repayment of the proceeds of the Loan is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Bank shall notify the Loan Parties of the financial terms of the Loan, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Loan.
- (d) The Borrower shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of the Bank's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.
- (e) Except as otherwise agreed by the Bank, the Borrower may not request additional Conversions of any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Bank and the Borrower and may include transaction fees to cover the underwriting costs of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.02. Conversion to a Fixed Rate or Fixed Spread of Loan that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Loan Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Borrower.

Section 4.03. Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) *Interest Rate Conversion*. Upon an Interest Rate Conversion, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.

(c) *Currency Conversion of Withdrawn Amounts*. Upon a Currency Conversion of all or any amount of the Withdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Loan Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.04. Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Borrower shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of an amount of the Withdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Borrower shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (c) Termination of Conversion Period prior to Final Loan Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Loan terminates prior to the final maturity of such portion, the principal amount of such portion of the Loan remaining outstanding in the Loan Currency to which such amount shall revert upon such termination shall be determined by the Bank either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Loan Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Borrower shall repay such principal amount in the Loan Currency in accordance with the provisions of the Loan Agreement.

Section 4.05. Interest Rate Cap; Interest Rate Collar

(a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Loan that accrues interest at a

Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.

- (b) Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.
- (c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Borrower shall pay to the Bank a premium on the amount of the Withdrawn Loan Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Bank for an interest rate cap or collar purchased by the Bank from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Borrower not later than sixty (60) days after the Execution Date; or (ii) promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Loan Agreement.

Section 4.06. Early Termination

- (a) The Bank shall have the right to terminate any Conversion effected on such Loan during any period of time in which the Default Interest Rate accrues on the Loan as provided in Section 3.02(e) above.
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Bank as provided in Section 4.06(a), or the Borrower: (i) the Borrower shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank

of the Borrower's notice of early termination; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V The Program

Section 5.01. Performance under the Loan Agreement, Program Agreement, and Subsidiary Agreement

- (a) The Guarantor shall not take or permit to be taken any action which would prevent or interfere with the execution of the Program or the performance of the obligations of the Borrower or the Program Implementing Entity under the Legal Agreement to which it is a party.
- (b) The Borrower shall: (i) cause the Program Implementing Entity to perform all of the obligations of the Program Implementing Entity set forth in the Program Agreement or the Subsidiary Agreement in accordance with the provisions of the Program Agreement or Subsidiary Agreement; and (ii) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.02. Provision of Funds and other Resources

The Borrower shall provide or cause to be provided, promptly as needed, the funds, facilities, services, and other resources: (a) required for the Program; and (b) necessary or appropriate to enable the Program Implementing Entity to perform its obligations under the Program Agreement or the Subsidiary Agreement.

Section 5.03. Records

The Borrower and the Program Implementing Entity shall retain all relevant documentation evidencing expenditures made from the Loan proceeds until two years after the Closing Date. Upon the Bank's request, the Borrower and the Program Implementing Entity shall enable the Bank's representatives to examine such records.

Section 5.04. Program Monitoring and Evaluation

- (a) The Borrower shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Program and the achievement of its objectives.
- (b) The Borrower shall prepare or cause to be prepared and furnish to the Bank not later than twelve (12) months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the

Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.

Section 5.05. Cooperation and Consultation

The Bank and the Loan Parties shall cooperate fully to assure that the purposes of the Loan and the objectives of the Program will be accomplished. To that end, the Bank and the Loan Parties shall:

- (a) from time to time, at the request of any one of them, exchange views on the Program, the Loan, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.06. Visits

- (a) The Member Country shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan or the Program.
- (b) The Borrower and the Program Implementing Entity shall enable the Bank's representatives to: (i) visit any facilities and construction sites included in their Respective Parts of the Program; and (ii) to examine the goods financed out of the proceeds of the Loan for their Respective Parts of the Program, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.07. Disputed Area

In the event that the Program is in an area which is or becomes disputed, neither the Bank's financing of the Program, nor any designation of, or reference to, such area in the Legal Agreements is intended to constitute a judgment on the part of the Bank as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

ARTICLE VI

Financial and Economic Data; Negative Pledge; Financial Condition

Section 6.01. Financial and Economic Data

(c) The Member Country shall furnish to the Bank all such information as the Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the

account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.

- (d) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual ("DRSM"), dated January 2000, as may be revised from time to time), in accordance with the DRSM, and in particular, to notify the Bank of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Bank of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.
- (e) The Member Country represents, as at the date of the Loan Agreement, that no defaults exist in respect of any "external public debt" (as defined in the DRSM) except those listed in a notification from the Member Country to the Bank.

Section 6.02. *Negative Pledge*

- (a) It is the policy of the Bank, in making loans to, or with the guarantee of its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure all Loan Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Bank secure all Loan Payments by an equivalent Lien on other Public Assets satisfactory to the Bank.
- (b) The Borrower which is not the Member Country undertakes that, except as the Bank shall otherwise agree:
 - (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Loan Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Bank; and
 - (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Bank, an equivalent Lien satisfactory to the Bank to secure the payment of all Loan Payments.
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt

incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

(d) The Member Country represents, as at the date of the Loan Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Bank and those excluded pursuant to paragraph (c) of this Section 6.02.

Section 6.03. Financial Condition

If the Bank has determined that the financial condition of the Borrower, which is not the Member Country, or the Program Implementing Entity, is a material factor in the Bank's decision to lend, the Bank shall have the right, as a condition to lend, to require that such Borrower or Program Implementing Entity provides the Bank with representations and warranties related to its financial and operating conditions, satisfactory to the Bank.

ARTICLE VII Cancellation; Suspension; Refund; Acceleration

Section 7.01. Cancellation by the Borrower

The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.

Section 7.02. Suspension by the Bank

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Bank may, by notice to the Loan Parties, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account. Such suspension shall continue until the event (or events) which gave rise to the suspension has (or have) ceased to exist, unless the Bank has notified the Loan Parties that such right to make withdrawals has been restored.

(a) Payment Failure.

- (i) The Borrower has failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of principal or interest or any other amount due to the Bank or the Association: (A) under the Loan Agreement; or (B) under any other agreement between the Bank and the Borrower; or (C) under any agreement between the Borrower and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Borrower.
- (ii) The Guarantor has failed to make payment of principal, interest, or any other amount due to the Bank or the Association: (A) under the Guarantee Agreement; or (B)

under any other agreement between the Guarantor and the Bank; or (C) under any agreement between the Guarantor and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Guarantor.

(b) Performance Failure.

- (i) A Loan Party has failed to perform any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement.
- (ii) The Program Implementing Entity has failed to perform any obligation under the Program Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Bank determines that any representative of the Guarantor or the Borrower or the Program Implementing Entity (or any other recipient of any of the proceeds of the Loan) has engaged in corrupt, fraudulent, coercive, or collusive practices in connection with the use of the proceeds of the Loan, without the Guarantor or the Borrower or the Program Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) Cross Suspension. The Bank or the Association has suspended in whole or in part the right of a Loan Party to make withdrawals under any agreement with the Bank or with the Association because of a failure by a Loan Party to perform any of its obligations under such agreement or any other agreement with the Bank.

(e) Extraordinary Situation; Program.

- (i) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation has arisen which makes it improbable that the Program can be carried out or that a Loan Party or the Program Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.
- (ii) An extraordinary situation has arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement.
- (f) Event Prior to Effectiveness. The Bank has determined after the Effective Date that prior to such date but after the date of the Loan Agreement, an event has occurred which would have entitled the Bank to suspend the Borrower's right to make withdrawals from the Loan Account if the Loan Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by a Loan Party in or pursuant to the Legal Agreements, or in or pursuant to any Derivatives Agreement, or any representation or statement furnished by a Loan Party, and intended to be relied upon by the Bank in making the Loan or executing a transaction under a Derivatives Agreement, was incorrect in any material respect.

- (h) *Co-financing*. Any of the following events occurs with respect to any financing specified in the Loan Agreement to be provided for the Program ("Co-financing") by a financier (other than the Bank or the Association) ("Co-financier");
 - (i) If the Loan Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Bank has established by notice to the Loan Parties ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that adequate funds for the Program are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.
 - (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled, or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that: (A) such suspension, cancellation, termination, or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Program are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.
- (i) Assignment of Obligations; Disposition of Assets. The Borrower or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has, without the consent of the Bank:
 - (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or
 - (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Loan; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Bank: (A) do not materially and adversely affect the ability of the Borrower or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Program; and (B) do not materially and adversely affect the financial condition or operation of the Borrower (other than the Member Country) or the Program Implementing Entity (or such other entity).
- (j) *Membership*. The Member Country: (i) has been suspended from membership in, or ceased to be, a member of the Bank; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Borrower or Program Implementing Entity.

- (i) Any material adverse change in the condition of the Borrower (other than the Member Country), as represented by it, has occurred prior to the Effective Date.
- (ii) The Borrower (other than the Member Country) has become unable to pay its debts as they mature or any action or proceeding has been taken by the Borrower or by others whereby any of the assets of the Borrower shall, or may be distributed among its creditors.
- (iii) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than the Member Country) or of the Program Implementing Entity (or any other entity responsible for implementing any part of the Program).
- (iv) The Borrower (other than the Member Country) or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has ceased to exist in the same legal form as that prevailing as of the date of the Loan Agreement.
- (v) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than the Member Country) or of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Borrower or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under, or entered into, pursuant to the Legal Agreements, or to achieve the objectives of the Program.
- (l) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Program Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Program Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower or the Program Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Program Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of any financing made by such financier.
- (m) *Additional Event*. Any other event specified in the Loan Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 7.03. Cancellation by the Bank

If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Loan Balance, the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount shall be cancelled.

- (a) Suspension. The right of the Borrower to make withdrawals from the Loan Account has been suspended with respect to any amount of the Unwithdrawn Loan Balance for a continuous period of thirty (30) days.
- (b) Amounts not Required. At any time, the Bank determines, after consultation with the Borrower, that an amount of the Unwithdrawn Loan Balance will not be required to finance Eligible Expenditures.
- (c) Fraud and Corruption. At any time, the Bank determines, with respect to any amount of the proceeds of the Loan, that corrupt, fraudulent, collusive, or coercive practices were engaged in by representatives of the Guarantor, the Borrower, or the Program Implementing Entity (or other recipient of the proceeds of the Loan) without the Guarantor, the Borrower or the Program Implementing Entity (or other recipient of the proceeds of the Loan) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) Closing Date. After the Closing Date, there remains an Unwithdrawn Loan Balance.
- (e) Cancellation of Guarantee. The Bank receives notice from the Guarantor pursuant to Section 7.05 with respect to an amount of the Loan.

Section 7.04. Loan Refund

- (b) If the Bank determines that an amount of the Loan has been used in a manner inconsistent with the provisions of the Legal Agreement, the Borrower shall, upon notice by the Bank to the Borrower, promptly refund such amount to the Bank. Such inconsistent use shall include, without limitation:
 - (i) use of such amount to make a payment for any Excluded Expenditure; or
 - (ii) engaging in corrupt, fraudulent, collusive, or coercive practices in connection with the use of such amount.
- (b) Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.
- (c) If any notice of refund is given pursuant to Section 7.04 (a) during the Conversion Period for any Conversion applicable to a Loan: (i) the Borrower shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (ii) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower

under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the refund.

Section 7.05. Cancellation of Guarantee

If the Borrower has failed to pay any required Loan Payment (otherwise than as a result of any act or omission to act of the Guarantor) and such payment is made by the Guarantor, the Guarantor may, after consultation with the Bank, by notice to the Bank and the Borrower, terminate its obligations under the Guarantee Agreement with respect to any amount of the Unwithdrawn Loan Balance as at the date of receipt of such notice by the Bank. Upon receipt of such notice by the Bank, such obligations in respect of such amount shall terminate.

Section 7.06. Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Bank may, by notice to the Loan Parties, declare all or part of the Withdrawn Loan Balance as at the date of such notice to be due and payable immediately together with any other Loan Payments due under the Loan Agreement. Upon any such declaration, such Withdrawn Loan Balance and Loan Payments shall become immediately due and payable.

(a) Payment Default. A default has occurred in the payment by a Loan Party of any amount due to the Bank or the Association: (i) under any Legal Agreement; or (ii) under any other agreement between the Bank and the Loan Party; or (iii) under any agreement between the Loan Party and the Association (in the case of an agreement between the Guarantor and the Association, under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement); or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank, or the Association, to any third party with the agreement of the Loan Party; and such default continues in each case for a period of thirty (30) days.

(b) *Performance Default.*

- (i) A default has occurred in the performance by a Loan Party of any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Loan Parties.
- (ii) A default has occurred in the performance by the Program Implementing Entity of any obligation under the Program Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Program Implementing Entity and the Loan Parties.

- (c) *Co-financing*. The event specified in sub-paragraph (h) (ii) (B) of Section 7.02 has occurred, subject to the provisions of paragraph (h) (iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 7.02 has occurred.
- (e) Condition of Borrower or Program Implementing Entity. Any event specified in subparagraph (k) (ii) through (k) (v) of Section 7.02 has occurred.
- (f) Additional Event. Any other event specified in the Loan Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Loan Agreement ("Additional Event of Acceleration").

Section 7.07. Acceleration during a Conversion Period

If the Loan Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 7.06 during the Conversion Period for any Conversion applicable to a Loan: (a) the Borrower shall pay a transaction fee in respect of any early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (b) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the effective date of the acceleration.

Section 7.08. Effectiveness of Provisions after Cancellation, Suspension, Refund, or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect, except as specifically provided in these General Conditions.

ARTICLE VIII Enforceability; Arbitration

Section 8.01. *Enforceability*

The rights and obligations of the Bank and the Loan Parties under the Legal Agreements shall be valid and enforceable in accordance with their terms, notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Bank nor any Loan Party shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements are invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

Section 8.02. *Obligations of the Guarantor*

Except as provided in Section 7.05, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance, and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower, or any prior notice to, or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance, or concession given to the Borrower; (b) any assertion of, or failure to assert, or delay in asserting, any right, power, or remedy against the Borrower, or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by its terms; or (d) any failure of the Borrower, or of the Program Implementing Entity, to comply with any requirement of any law of the Member Country.

Section 8.03. Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power, or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power, or remedy, or be construed to be a waiver thereof, or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power, or remedy of such party in respect of any other or subsequent default.

Section 8.04. Arbitration

- (a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement, and any claim by any such party against any other such party arising under the Loan Agreement or the Guarantee Agreement which has not been settled by agreement of the parties, shall be submitted to arbitration by an arbitral tribunal as hereinafter provided ("Arbitral Tribunal").
- (b) The parties to such arbitration shall be the Bank on the one side and the Loan Parties on the other side.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Bank; (ii) a second arbitrator shall be appointed by the Loan Parties or, if they do not agree, by the Guarantor; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting

forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.
- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by, and comply with, any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between, and borne equally, by the Bank on the one side and the Loan Parties on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.
- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement, or of any claim by any such party against any other such party arising under such Legal Agreements.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Loan Agreement or Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Member Country except as such procedure may be available otherwise than by reason of the provisions of this Section.

(1) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 10.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE IX Effectiveness; Termination

Section 9.01. Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Loan Party and the Program Implementing Entity confirm, and the Bank is satisfied, that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Loan Party or the Program Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Bank so requests, the condition of the Borrower (other than the Member Country) or of the Program Implementing Entity, as represented and warranted to the Bank at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Loan Agreement as a condition of its effectiveness ("Additional Condition of Effectiveness") has occurred.

Section 9.02. Legal Opinions or Certificates; Representation and Warranty

For the purpose of confirming that the conditions specified in paragraph (a) of Section 9.01 above have been met:

- (a) The Bank may require an opinion or certificate satisfactory to the Bank confirming: (i) on behalf of the Loan Party or the Program Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Legal Agreement or reasonably requested by the Bank in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Bank does not require an opinion or certificate pursuant to Section 9.02 (a), by signing the Legal Agreement to which it is a party, the Loan Party or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Loan Party or the Program Implementing Entity shall notify the Bank when such additional

action has been taken. By providing such notification, the Loan Party or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 9.03. Effective Date

- (a) Except as the Bank and the Borrower shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Bank dispatches to the Loan Parties and the Program Implementing Entity notice confirming it is satisfied that the conditions specified in Section 9.01 have been met ("Effective Date").
- (b) If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, or the Bank has determined that an extraordinary situation provided for under Section 3.08 (a) exists, the Bank may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 9.04. Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Loan Agreement for the purpose of this Section, unless the Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Bank shall promptly notify the Loan Parties and Program Implementing Entity of such later Effectiveness Deadline.

Section 9.05. Termination of Legal Agreements on Performance of All Obligations

- (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Loan Balance and all other Loan Payments due.
- (b) If the Loan Agreement specifies a date by which certain provisions of the Loan Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms.
- (c) If the Program Agreement specifies a date on which the Program Agreement shall terminate, the Program Agreement and all obligations of the parties under the Program Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms. The Bank shall promptly notify the Program Implementing Entity if the Loan Agreement terminates in accordance with its terms prior to the date so specified in the Program Agreement.

ARTICLE X Miscellaneous Provisions

Section 10.01. Execution of Legal Agreements; Notices and Requests

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 9.03 (a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address, when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 10.02. Action on Behalf of the Loan Parties and the Program Implementing Entity

- (a) The representative designated by a Loan Party in the Legal Agreement to which it is a party (and the representative designated by the Program Implementing Entity in the Program Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement, on behalf of such Loan Party (or the Program Implementing Entity).
- (b) The representative so designated by the Loan Party or person so authorized by such representative may agree to any modification or amplification of the provisions of such Legal Agreement on behalf of such Loan Party by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the

circumstances and will not substantially increase the obligations of the Loan Parties under the Legal Agreements. The Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 10.03. Evidence of Authority

The Loan Parties and the Program Implementing Entity shall furnish to the Bank: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 10.01(b).

Section 10.04. Disclosure

The Bank may disclose the Legal Agreements to which it is a party and any such information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Loan Agreement for the purpose of Section 9.01 (c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Loan Agreement for the purpose of Section 7.06 (f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Loan Agreement for the purpose of Section 7.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Loan Agreement for purposes of Section 3.03.
- 5. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Bank, which, upon the Conversion, becomes the Loan Currency.
- 6. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 8.04.
- 7. "Association" means the International Development Association.
- 8. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Loan Balance, a Currency Conversion from the Loan Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Loan from the Loan Account.
- 9. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either: (i) the initial Reference Rate component of the interest rate for a Loan based on a Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Loan with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Loan withdrawn from the Loan Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Loan Agreement or in a separate request from the Borrower.
- 10. "Bank" means the International Bank for Reconstruction and Development.

- 11. "Borrower" means the party to the Loan Agreement to which the Loan is extended.
- 12. "Borrower's Representative" means the Borrower's representative specified in the Loan Agreement for the purpose of Section 10.02.
- 13. "Closing Date" means the date specified in the Loan Agreement (or such other date as the Bank shall establish, upon a request from the Borrower, by notice to the Loan Parties) after which the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to withdraw from the Loan Account.
- 14. "Co-financier" means the financier (other than the Bank or the Association) referred to in Section 7.02 (h) providing the Co-financing. If the Loan Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 15. "Co-financing" means the financing referred to in Section 7.02 (h) and specified in the Loan Agreement provided or to be provided for the Program by the Co-financier. If the Loan Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 16. "Co-financing Agreement" means the agreement referred to in Section 7.02 (h) providing for the Co-financing.
- 17. "Co-financing Deadline" means the date referred to in Section 7.02 (h) (i) and specified in the Loan Agreement by which the Co-financing Agreement is to become effective. If the Loan Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 18. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."
- 19. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Loan by the Bank and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 20. "Conversion" means any of the following modifications of the terms of all or any portion of the Loan that has been requested by the Borrower and accepted by the Bank: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Loan Agreement and in the Conversion Guidelines.
- 21. "Conversion Date" means, for a Conversion, such date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Loan Agreement provides for Automatic Conversions to Local Currency the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.

- 22. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association, and in effect at the time of the Conversion.
- 23. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 24. "Counterparty" means a party with which the Bank enters into a derivatives transaction in order to effect a Conversion.
- 25. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Member Country.
- 26. "Currency" means the currency of a country and the Special Drawing Right of the International Monetary Fund. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 27. "Currency Conversion" means a change of the Loan Currency of all or any amount of the Unwithdrawn Loan Balance or the Withdrawn Loan Balance to an Approved Currency.
- 28. "Currency Hedge Notes Transaction" means one or more notes issues by the Bank and denominated in an Approved Currency on such terms as may be agreed between the Borrower and the Bank, for purposes of executing a Currency Conversion.
- 29. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 30. "Currency Hedge Swap Transaction" means one or more Currency swap transactions entered into by the Bank with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.
- 31. "Default Interest Period" means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
- 32. "Default Interest Rate" means for any Default Interest Period: (a) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and (b) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).

- 33. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue.
- 34. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that: (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.02 (d) first becomes overdue; and (b) for an amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 35. "Derivatives Agreement" means any derivatives agreement between the Bank and a Loan Party (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Bank and such Loan Party (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 36. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account during such Interest Period, in Section 3.03(c)
- 37. "Disbursement-Linked Amortization Schedule" means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 38. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 39. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 9.03 (a).
- 40. "Effectiveness Deadline" means the date referred to in Section 9.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
- 41. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.
- 42. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic

documents, acceptable to the Bank and in accordance with any such additional instructions as the Bank may specify from time to time by notice to the Borrower.

- 43. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 44. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Bank.
- 45. "Eligible Expenditure" means any use to which the Loan is put in support of the Program, other than to finance Excluded Expenditures.
- 46. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.
- 47. "Euro", "€" and "EUR" each means the lawful currency of the Euro Area.
- 48. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- 49. "Execution Date" means, for a Conversion, the date on which the Bank has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Bank.
- 50. "Excluded Expenditure" means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing
		tobacco substitutes)
525		Radioactive and associated materials

667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Bank;
- (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- 51. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal financial center of the relevant member state in the Euro Area.
- 52. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c).
- 53. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c).
- 54. "Fixed Spread" means the Bank's fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02(e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the

"Fixed Spread" means the Bank's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, "Fixed Spread" means the Bank's fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

- 55. "Front-end Fee" means the fee specified in the Loan Agreement for the purpose of Section 3.01 (a).
- 56. "Guarantee Agreement" means the agreement between the Member Country and the Bank providing for the guarantee of the Loan, as such agreement may be amended from time to time. "Guarantee Agreement" includes these General Conditions as applied to the Guarantee Agreement, and all appendices, schedules and agreements supplemental to the Guarantee Agreement.
- 57. "Guarantor" means the Member Country which is a party to the Guarantee Agreement.
- 58. "Guarantor's Representative" means the Guarantor's representative specified in the Loan Agreement for the purpose of Section 10.02.
- 59. "Installment Share" means the percentage of the total principal amount of the Loan payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 60. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Bank with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.
- 61. "Interest Period" means the initial period from and including the date of the Loan Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 62. "Interest Rate Cap" mean, with respect to all or any amount of the Withdrawn Loan Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 63. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Loan Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion

- of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 64. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Loan Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 65. "Legal Agreement" means any of the Loan Agreement, the Guarantee Agreement, the Program Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 66. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Loan Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 67. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 68. "Loan" means the loan provided for in the Loan Agreement.
- 69. "Loan Account" means the account opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited.
- 70. "Loan Agreement" means the loan agreement between the Bank and the Borrower providing for the Loan, as such agreement may be amended from time to time. "Loan Agreement" includes these General Conditions as applied to the Loan Agreement, and all appendices, schedules and agreements supplemental to the Loan Agreement.
- 71. "Loan Currency" means the Currency in which the Loan is denominated; provided that if the Loan Agreement provides for Conversions, "Loan Currency" means the Currency in which the Loan is denominated from time to time. If the Loan is denominated in more than one currency, "Loan Currency" refers separately to each of such Currencies.
- 72. "Loan Party" means the Borrower or the Guarantor. "Loan Parties" means collectively, the Borrower and the Guarantor.
- 73. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.
- 74. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Bank.

- 75. "London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign Currency deposits) in London.
- 76. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.
- 77. "Member Country" means the member of the Bank which is the Borrower or the Guarantor.
- 78. "Original Loan Currency" means the currency of denomination of the Loan as defined in Section 3.08.
- 79. "Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest and Commitment Charge are payable.
- 80. "Preparation Advance" means the advance referred to in the Loan Agreement and repayable in accordance with Section 2.05 (a).
- 81. "Principal Payment Date" means each date specified in the Loan Agreement on which all or any portion of the principal amount of the Loan is payable.
- 82. "Program" means the program referred to in the Loan Agreement in support of which the Loan is made.
- 83. "Program Agreement" means the agreement between the Bank and the Program Implementing Entity relating to the implementation of all or part of the Program, as such agreement may be amended from time to time. "Program Agreement" includes these General Conditions as applied to the Program Agreement, and all appendices, schedules and agreements supplemental to the Program Agreement.
- 84. "Program Implementing Entity" means a legal entity (other than the Borrower or the Guarantor) which is responsible for implementing all or a part of the Program and which is a party to the Program Agreement or the Subsidiary Agreement.
- 85. "Program Implementing Entity's Representative" means the Program Implementing Entity's representative specified in the Program Agreement for the purpose of Section 10.02 (a).
- 86. "Public Assets" means assets of the Member Country, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- 87. "Reference Rate" means, for any Interest Period:
- (a) for USD, JPY and GBP, LIBOR for the relevant Loan Currency. If such rate does not appear on the Relevant Rate Page, the Bank shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month

deposits in the relevant Loan Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four major banks selected by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Loan Currency to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for the relevant Loan Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;

- (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Bank shall request the principal Euro Area office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four major banks selected by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;
- (c) if the Bank determines that LIBOR (in respect of USD, JPY and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Bank shall determine pursuant to Section 3.02 (c); and
- (d) for any currency other than USD, Euro or JPY: (i) such reference rate for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Bank in accordance with the Conversion Guidelines and notice thereof given to the Borrower in accordance with Section 4.01(c).

88. "Reference Rate Reset Date" means:

(a) for USD, JPY and GBP the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any of USD, JPY or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall

be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);

- (b) for EUR, the day two TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two TARGET Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two TARGET Settlement Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to EUR falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two TARGET Settlement Days prior to the Conversion Date);
- (c) if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or, as agreed by the Bank and the Borrower for such Conversion.
- (d) for any currency other than USD, EUR, JPY and GBP: (i) such day for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Bank and notice thereof given to the Borrower in accordance with Section 4.01(c).
- 89. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Bank as the page for the purpose of displaying the Reference Rate for deposits in the Loan Currency.
- 90. "Respective Part of the Program" means, for the Borrower and for any Program Implementing Entity, the part of the Program specified in the Legal Agreements to be implemented by it.
- 91. "Screen Rate" means with respect to a Conversion, such rate as determined by the Bank on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines.
- 92. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.

- 93. "Subsidiary Agreement" means the agreement that the Borrower enters into with the Program Implementing Entity setting forth the respective obligations of the Borrower and the Program Implementing Entity with respect to the Program.
- 94. "Substitute Loan Currency" means the substitute currency of denomination of a Loan as defined in Section 3.08.
- 95. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.
- 96. "Taxes" includes imposts, levies, fees and duties of any nature whether in effect at the date of the Legal Agreements or imposed after that date.
- 97. "Umpire" means the third arbitrator appointed pursuant to Section 8.04 (c).
- 98. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Borrower to the Bank equal to the net aggregate amount payable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Bank to the Borrower equal to the net aggregate amount receivable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.
- 99. "Unwithdrawn Loan Balance" means the amount of the Loan remaining unwithdrawn from the Loan Account from time to time.
- 100. "Variable Rate" means: (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Loan Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread; and (b) in case of a Conversion, such variable rate as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c).
- 101. "Variable Spread" means, for each Interest Period: (a) (1) the Bank's standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Bank and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 102. "Withdrawn Loan Balance" means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.

103. "Yen", " \S " and "JPY" each means the lawful currency of Japan.

General Conditions for IBRD Financing: Program-for-Results Financing

International Bank for Reconstruction and Development

General Conditions for IBRD Financing

Program-for-Results Financing

Dated July ___, 2017

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ARTICLE I

Introductory Provisions

Section 1.01. Application of General Conditions

These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If the Loan Agreement is between the Member Country and the Bank, references in these General Conditions to the Guarantor and the Guarantee Agreement shall be disregarded. If there is no Program Agreement between the Bank and a Program Implementing Entity or Subsidiary Agreement between the Borrower and the Program Implementing Entity, references in these General Conditions to the Program Implementing Entity, the Program Agreement or the Subsidiary Agreement shall be disregarded.

Section 1.02. *Inconsistency with Legal Agreements*

If any provision of the Loan Agreement, the Guarantee Agreement, or the Program Agreement is inconsistent with a provision of these General Conditions, the provision of the Loan Agreement, Guarantee Agreement, or Program Agreement shall prevail.

Section 1.03. Definitions

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04. References; Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01. Loan Account; Withdrawals Generally; Currency of Withdrawal

- (a) The Bank shall credit the amount of the Loan to the Loan Account in the Loan Currency. If the Loan is denominated in more than one currency, the Bank shall divide the Loan Account into multiple sub-accounts, one for each Loan Currency.
- (b) The Borrower may from time to time request withdrawals of Loan amounts from the Loan Account in accordance with the provisions of the Loan Agreement, the Disbursement and Financial Reporting Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower.

- (c) Each withdrawal of a Loan amount from the Loan Account shall be made in the Loan Currency of such amount. The Bank shall, at the request and acting as an agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase with the Loan Currency withdrawn from the Loan Account such Currencies as the Borrower shall request pursuant to Section 2.01(b).
- (d) No withdrawal of any Loan amount from the Loan Account shall be made (other than to repay the Preparation Advance) until the Bank has received from the Borrower payment in full of the Front-end Fee.

Section 2.02. Applications for Withdrawal

- (a) When the Borrower wishes to request a withdrawal from the Loan Account, the Borrower shall promptly deliver to the Bank a written application in such form and substance as the Bank shall reasonably request.
- (b) The Borrower shall furnish to the Bank evidence satisfactory to the Bank of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (c) The Borrower shall furnish to the Bank such documents and other evidence in support of each such application as the Bank shall reasonably request, whether before or after the Bank has permitted any withdrawal requested in the application.
- (d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account shall be used only for the purposes specified in the Loan Agreement.
- (e) The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to, or on the order of, the Borrower.

Section 2.03. *Program Expenditures*

Expenditures eligible to be financed out of the Loan proceeds shall, except as otherwise provided in the Legal Agreements, satisfy the following requirements ("Program Expenditures"):

- (a) the payment is for the reasonable cost of Program activities that meet the requirements of the relevant Legal Agreements;
- (b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (c) the payment is made on or after the date of the Loan Agreement, and, except as the Bank may otherwise agree, is for expenditures incurred on or before the Closing Date.

Section 2.04. Financing Taxes

The use of any proceeds of the Loan to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Program Expenditures, or on their importation, manufacture, procurement or supply, if permitted pursuant to the Legal Agreements, is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan.

Section 2.05. Refinancing Preparation Advance; Capitalizing Front-end Fee, Interest and Other Charges

- (a) If the Borrower requests the repayment out of the proceeds of the Loan of an advance be made by the Bank or the Association ("Preparation Advance"), and the Bank agrees to such a request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, and shall cancel the remaining unwithdrawn amount of the advance.
- (b) If the Borrower requests that the Front-end Fee be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such fee.
- (c) If the Borrower requests that interest, Commitment Charge, or other charges on the Loan be paid out of the proceeds of the Loan and the Bank agrees to such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Loan Agreement on the amount to be so withdrawn.

Section 2.06. Reallocation of Loan Amounts

If the Bank reasonably determines that in order to meet the purposes of the Loan it is appropriate to reallocate Loan amounts among withdrawal categories, the Bank may, after consultation with the Borrower, make such modifications, and shall notify the Borrower accordingly.

ARTICLE III Loan Terms

Section 3.01. Front-end Fee; Commitment Charge

- (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.05 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.05 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.02. *Interest*

- (a) The Borrower shall pay the Bank interest on the Withdrawn Loan Balance at the rate specified in the Loan Agreement; provided, however, that the interest rate applicable to any interest period shall in no event be less than zero percent (0%) per annum; and provided further that, if the Loan Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Loan are withdrawn and shall be payable semi-annually in arrears on each Payment Date.
- (b) If interest on any amount of the Withdrawn Loan Balance is based on a Variable Spread, the Bank shall notify the Loan Parties of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Loan is based on LIBOR or EURIBOR, and the Bank determines that such Reference Rate has permanently ceased to be quoted for the relevant Currency, the Bank shall apply such other comparable Reference Rate for such Currency as it may reasonably determine. The Bank shall promptly notify the Loan Parties of such other rate.
- (d) If interest on any amount of the Withdrawn Loan Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining such interest rate other than as provided in the Loan Agreement, the Bank may modify the basis for determining such interest rate upon not less than three (3) months' notice to the Loan Parties of the new basis. The new basis shall become effective on the expiry of the notice period unless a Loan Party notifies the Bank during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Loan.
- (e) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a

period of thirty (30) days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.03. Repayment

- (i) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement and, if applicable, as further provided in paragraphs (b), (c), (d), and (e) of this Section 3.03. The Withdrawn Loan Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.
- (j) For Loans with a Commitment-linked Amortization Schedule:

The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement provided that:

- (i) If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date specified in the Loan Agreement, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (x) the Withdrawn Loan Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Loan Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03 (e).
- (ii) If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with the Amortization Schedule under the Loan Agreement.
 - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Loan Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.03 (e).

- (iii) (A) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (D) Notwithstanding the provisions of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

(k) For Loans with a Disbursement-linked Amortization Schedule:

- (i) The Borrower shall repay the Withdrawn Loan Balance to the Bank in accordance with the provisions of the Loan Agreement.
- (ii) The Bank shall notify the Loan Parties of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
- (l) If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of the Loan Agreement and this Section 3.03 shall apply separately to the amount denominated in each Loan Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the Amortization Schedule in the Loan Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank in accordance with the Conversion Guidelines.

Section 3.04. Prepayment

(a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest

maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Bank to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Borrower shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank of the Borrower's notice of prepayment; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.
- (d) Notwithstanding Section 3.04 (a) above and unless the Bank agrees otherwise, the Borrower may not prepay in advance of maturity any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Section 3.05. Partial Payment

If the Bank at any time receives less than the full amount of any Loan Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Loan Agreement as it determines in its sole discretion.

Section 3.06. Place of Payment

All Loan Payments shall be paid at such places as the Bank shall reasonably request.

Section 3.07. Currency of Payment

- (a) The Borrower shall pay all Loan Payments in the Loan Currency; and if a Conversion has been effected in respect of any amount of the Loan, as further specified in the Conversion Guidelines.
- (b) If the Borrower so requests and the Bank agrees to such request, the Bank shall, acting as agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase the Loan Currency for the purpose of paying a Loan Payment upon timely payment by the Borrower of sufficient funds for that purpose in a Currency or Currencies acceptable to the Bank; provided, however, that the Loan Payment shall be deemed to have been paid only when and to the extent that the Bank has received such payment in the Loan Currency.

Section 3.08. Temporary Currency Substitution

- (a) If the Bank reasonably determines that an extraordinary situation has arisen under which the Bank shall be unable to provide the Loan Currency at any time for purposes of funding the Loan, the Bank may provide such substitute Currency or Currencies ("Substitute Loan Currency") for the Loan Currency ("Original Loan Currency") as the Bank shall select. During the period of such extraordinary situation: (i) the Substitute Loan Currency shall be deemed to be the Loan Currency for purposes of the Legal Agreements; and (ii) Loan Payments shall be paid in the Substitute Loan Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Bank. The Bank shall promptly notify the Loan Parties of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms of the Loan related to the Substitute Loan Currency.
- (b) Upon notification by the Bank under paragraph (a) of this Section, the Borrower may within thirty (30) days thereafter notify the Bank of its selection of another Currency acceptable to the Bank as the Substitute Loan Currency. In such case, the Bank shall notify the Borrower of the financial terms of the Loan applicable to said Substitute Loan Currency, which shall be determined in accordance with principles reasonably established by the Bank.
- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Loan.
- (d) Once the Bank is again able to provide the Original Loan Currency, it shall, at the Borrower's request, change the Substitute Loan Currency to the Original Loan Currency in accordance with principles reasonably established by the Bank.

Section 3.09. Valuation of Currencies

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Bank.

Section 3.10. Manner of Payment

- (a) Any Loan Payment required to be paid to the Bank in the Currency of any country shall be made in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Bank with a depository of the Bank authorized to accept deposits in such Currency.
- (b) All Loan Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country and without deduction for, and free from, any Taxes levied by or in the territory of the Member Country.
- (c) The Legal Agreements shall be free from any Taxes levied by or in the territory of the Member Country on or in connection with their execution, delivery or registration.

ARTICLE IV Conversions of Loan Terms

Section 4.01. Conversions Generally

- (a) The Borrower may, at any time, request a Conversion of the terms of the Loan in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Borrower to the Bank in accordance with the Conversion Guidelines and, upon acceptance by the Bank, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.01 (e) below, the Borrower may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Bank and the Borrower.
- (c) Upon acceptance by the Bank of a request for a Conversion, the Bank shall take all actions necessary to effect the Conversion in accordance with the Loan Agreement and the Conversion Guidelines. To the extent any modification of the provisions of the Loan Agreement providing for withdrawal or repayment of the proceeds of the Loan is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Bank shall notify the Loan Parties of the financial terms of the Loan, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Loan.
- (d) The Borrower shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of the Bank's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.
- (e) Except as otherwise agreed by the Bank, the Borrower may not request additional Conversions of any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Bank and the Borrower and may include transaction fees to cover the underwriting costs of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.02. Conversion to a Fixed Rate or Fixed Spread of Loan that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Loan Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Borrower.

Section 4.03. Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) *Interest Rate Conversion*. Upon an Interest Rate Conversion, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) *Currency Conversion of Unwithdrawn Amounts*. Upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.
- (c) Currency Conversion of Withdrawn Amounts. Upon a Currency Conversion of all or any amount of the Withdrawn Loan Balance to an Approved Currency, the Borrower shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Loan Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.04. Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Borrower shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of an amount of the Withdrawn Loan Balance to an Approved Currency, the principal amount of the Loan so converted shall be determined by the Bank by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Borrower shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Loan Agreement.
- (c) Termination of Conversion Period prior to Final Loan Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Loan terminates prior to the

final maturity of such portion, the principal amount of such portion of the Loan remaining outstanding in the Loan Currency to which such amount shall revert upon such termination shall be determined by the Bank either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Loan Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Borrower shall repay such principal amount in the Loan Currency in accordance with the provisions of the Loan Agreement.

Section 4.05. Interest Rate Cap; Interest Rate Collar

- (a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.
- (b) Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable Rate, the Borrower shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Loan Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Borrower shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.
- (c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Borrower shall pay to the Bank a premium on the amount of the Withdrawn Loan Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Bank for an interest rate cap or collar purchased by the Bank from a Counterparty for the purpose of establishing the Interest Rate Cap or

Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Borrower not later than sixty (60) days after the Execution Date; or (ii) promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Loan Agreement.

Section 4.06. Early Termination

- (a) The Bank shall have the right to terminate any Conversion effected on such Loan during any period of time in which the Default Interest Rate accrues on the Loan as provided in Section 3.02 (e) above.
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Bank as provided in Section 4.06 (a), or the Borrower: (i) the Borrower shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of receipt by the Bank of the Borrower's notice of early termination; and (ii) the Borrower or the Bank, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V Program Execution

Section 5.01. *Program Execution Generally*

- (a) The Borrower and the Program Implementing Entity shall carry out their Respective Parts of the Program: (i) with due diligence and efficiency; (ii) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and (iii) in accordance with the provisions of the Legal Agreements.
- (b) The Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement, and environmental and social management systems acceptable to the Bank ("Program Fiduciary, Environmental and Social Systems"), which are designed to ensure that: (i) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and (ii) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

Section 5.02. Performance Under the Loan Agreement, Program Agreement, and Subsidiary Agreement

- (a) The Guarantor shall not take or permit to be taken any action which would prevent or interfere with the execution of the Program or the performance of the obligations of the Borrower or the Program Implementing Entity under the Legal Agreement to which it is a party.
- (b) The Borrower shall: (i) cause the Program Implementing Entity to perform all of the obligations of the Program Implementing Entity set forth in the Program Agreement or the Subsidiary Agreement in accordance with the provisions of the Program Agreement or Subsidiary Agreement; and (ii) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.03. Provision of Funds and Other Resources

The Borrower shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Program; and (b) necessary or appropriate to enable the Program Implementing Entity to perform its obligations under the Program Agreement or the Subsidiary Agreement.

Section 5.04. Insurance

The Borrower and the Program Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Program, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 5.05. Land Acquisition

The Borrower and the Program Implementing Entity shall take, or cause to be taken, all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Program and shall promptly furnish to the Bank, upon its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Program.

Section 5.06. *Maintenance of Facilities*

The Borrower and the Program Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Program shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

Section 5.07. Plans; Documents; Records

(a) The Borrower and the Program Implementing Entity shall furnish to the Bank all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Program, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Bank shall reasonably request.

- (b) The Borrower and the Program Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Program (including its cost and the benefits to be derived from it), and shall furnish such records to the Bank upon its request.
- (c) The Borrower and the Program Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Program until at least the later of: (i) one (1) year after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made; and (ii) two (2) years after the Closing Date. The Borrower and the Program Implementing Entity shall enable the Bank's representatives to examine such records.

Section 5.08. *Program Monitoring and Evaluation*

- (a) The Borrower and the Project Implementing Entity shall maintain, or cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Program and the achievement of its objectives.
- (b) The Borrower shall prepare, or cause to be prepared, periodic reports ("Program Report"), in form and substance satisfactory to the Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Program and to achieve the Program's objectives. The Borrower shall furnish, or cause to be furnished, each Program Report to the Bank promptly upon its preparation, afford the Bank a reasonable opportunity to exchange views with the Borrower and the Program Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Bank's views on the matter.
- (c) Except as the Bank may reasonably determine otherwise, the Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six (6) months after the Closing Date: (i) a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties, the Program Implementing Entity and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan; and (ii) a plan designed to ensure the sustainability of the Program's achievements.

Section 5.09. Financial Management; Financial Statements; Audits

(a) (i) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) the Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect its operations, resources and expenditures,

and/or those of the Project, as may be further specified in the Disbursement and Financial Reporting Letter.

- (b) The Borrower and the Project Implementing Entity shall:
 - (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
 - (ii) not later than the date specified in the Disbursement and Financial Reporting Letter, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request;
 - (iii)make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank; and
 - (iv) if requested by the Bank, periodically furnish or cause to be furnished to the Bank interim unaudited financial reports for the Project, in form and substance satisfactory to the Bank and as further specified in the Disbursement and Financial Reporting Letter.

Section 5.10. Cooperation and Consultation

The Bank and the Loan Parties shall cooperate fully to assure that the purposes of the Loan and the objectives of the Program will be accomplished. To that end, the Bank and the Loan Parties shall:

- (a) from time to time, at the request of any one of them, exchange views on the Program, the Loan, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.11. Visits

- (a) The Member Country shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan or the Program.
- (b) The Borrower and the Program Implementing Entity shall enable the Bank's representatives to: (i) visit any facilities and construction sites included in their Respective Parts of the Program; and (ii) to examine the goods financed out of the proceeds of the Loan for their Respective Parts of the Program, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.12. Disputed Area

In the event that the Program is in an area which is or becomes disputed, neither the Bank's financing of the Program, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Bank as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

Section 5.13. Anti-Corruption

The Borrower and the Program Implementing Entity shall ensure that the Program is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

ARTICLE VI Financial and Economic Data; Negative Pledge; Financial Condition

Section 6.01. Financial and Economic Data

- (f) The Member Country shall furnish to the Bank all such information as the Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- (g) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000, as may be revised from time to time ("DRSM")), in accordance with the DRSM, and in particular, to notify the Bank of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Bank of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.
- (h) The Member Country represents, as at the date of the Loan Agreement, that no defaults exist in respect of any "external public debt" (as defined in the DRSM) except those listed in a notification from the Member Country to the Bank.

Section 6.02. *Negative Pledge*

(a) It is the policy of the Bank, in making loans to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the

creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure all Loan Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Bank secure all Loan Payments by an equivalent Lien on other Public Assets satisfactory to the Bank.

- (b) The Borrower which is not the Member Country undertakes that, except as the Bank shall otherwise agree:
 - (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Loan Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Bank; and
 - (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Bank, an equivalent Lien satisfactory to the Bank to secure the payment of all Loan Payments.
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.
- (d) The Member Country represents, as at the date of the Loan Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Bank and those excluded pursuant to paragraph (c) of this Section 6.02.

Section 6.03. Financial Condition

If the Bank has determined that the financial condition of the Borrower, which is not the Member Country, or the Program Implementing Entity, is a material factor in the Bank's decision to lend, the Bank shall have the right, as a condition to lend, to require that such Borrower or Program Implementing Entity provides the Bank with representations and warranties related to its financial and operating conditions, satisfactory to the Bank.

ARTICLE VII Cancellation; Suspension; Refund; Acceleration

Section 7.01. Cancellation by the Borrower

The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.

Section 7.02. Suspension by the Bank

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Bank may, by notice to the Loan Parties, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account. Such suspension shall continue until the event (or events) which gave rise to the suspension has (or have) ceased to exist, unless the Bank has notified the Loan Parties that such right to make withdrawals has been restored.

(a) Payment Failure.

- (i) The Borrower has failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of principal or interest or any other amount due to the Bank or the Association: (A) under the Loan Agreement; or (B) under any other agreement between the Bank and the Borrower; or (C) under any agreement between the Borrower and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Borrower.
- (ii) The Guarantor has failed to make payment of principal or interest or any other amount due to the Bank or the Association: (A) under the Guarantee Agreement; or (B) under any other agreement between the Guarantor and the Bank; or (C) under any agreement between the Guarantor and the Association; or (D) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Guarantor.

(b) *Performance Failure*.

- (i) A Loan Party has failed to perform any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement.
- (ii) The Program Implementing Entity has failed to perform any obligation under the Program Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Bank determines that any representative of the Guarantor or the Borrower or the Program Implementing Entity (or any other recipient of any of the proceeds of the Loan) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Loan, without the Guarantor or the Borrower or the Program Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) Cross Suspension. The Bank or the Association has suspended in whole or in part the right of a Loan Party to make withdrawals under any agreement with the Bank or with the

Association because of a failure by a Loan Party to perform any of its obligations under such agreement or any other agreement with the Bank.

(e) Extraordinary Situation.

- (i) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation has arisen which makes it improbable that the Program can be carried out or that a Loan Party or the Program Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.
- (ii) An extraordinary situation has arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement.
- (f) Event Prior to Effectiveness. The Bank has determined after the Effective Date that prior to such date but after the date of the Loan Agreement, an event has occurred which would have entitled the Bank to suspend the Borrower's right to make withdrawals from the Loan Account if the Loan Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by a Loan Party in or pursuant to the Legal Agreements, or in or pursuant to any Derivatives Agreement, or any representation or statement furnished by a Loan Party, and intended to be relied upon by the Bank in making the Loan or executing a transaction under a Derivatives Agreement, was incorrect in any material respect.
- (h) *Co-financing*. Any of the following events occurs with respect to any financing specified in the Loan Agreement to be provided for the Program ("Co-financing") by a financier (other than the Bank or the Association) ("Co-financier"):
 - (i) If the Loan Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Bank has established by notice to the Loan Parties ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that adequate funds for the Program are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.
 - (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Loan Parties establish to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate

funds for the Program are available from other sources on terms and conditions consistent with the obligations of the Loan Parties under the Legal Agreements.

- (i) Assignment of Obligations; Disposition of Assets. The Borrower or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has, without the consent of the Bank:
 - (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or
 - (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Loan; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Bank: (A) do not materially and adversely affect the ability of the Borrower or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Program; and (B) do not materially and adversely affect the financial condition or operation of the Borrower (other than the Member Country) or the Program Implementing Entity (or such other entity).
- (j) *Membership*. The Member Country: (i) has been suspended from membership in or ceased to be a member of the Bank; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Borrower or Program Implementing Entity.
 - (i) Any material adverse change in the condition of the Borrower (other than the Member Country), as represented by it, has occurred prior to the Effective Date.
 - (ii) The Borrower (other than the Member Country) has become unable to pay its debts as they mature or any action or proceeding has been taken by the Borrower or by others whereby any of the assets of the Borrower shall or may be distributed among its creditors.
 - (iii) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than the Member Country) or of the Program Implementing Entity (or any other entity responsible for implementing any part of the Program).
 - (iv) The Borrower (other than the Member Country) or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has ceased to exist in the same legal form as that prevailing as of the date of the Loan Agreement.
 - (v) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than the Member Country) or of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program) has changed from that prevailing as of the date of the Legal Agreements so as to materially and

adversely affect the ability of the Borrower or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Program.

- (l) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Program Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower or the Program Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.
- (m) *Additional Event*. Any other event specified in the Loan Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 7.03. Cancellation by the Bank

If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Loan Balance, the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount shall be cancelled.

- (a) Suspension. The right of the Borrower to make withdrawals from the Loan Account has been suspended with respect to any amount of the Unwithdrawn Loan Balance for a continuous period of thirty (30) days.
- (b) Amounts not Required. At any time, the Bank determines, after consultation with the Borrower, that an amount of the Unwithdrawn Loan Balance will not be required to finance the Program.
- (c) Fraud and Corruption. At any time, the Bank determines, with respect to any amount of the proceeds of the Loan, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Guarantor or the Borrower or the Program Implementing Entity (or other recipient of the proceeds of the Loan) without the Guarantor, the Borrower or the Program Implementing Entity (or other recipient of the proceeds of the Loan) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (d) Closing Date. After the Closing Date, there remains an Unwithdrawn Loan Balance.

(e) *Cancellation of Guarantee*. The Bank receives notice from the Guarantor pursuant to Section 7.05 with respect to an amount of the Loan.

Section 7.04. Loan Refund

- (c) If the Bank determines that an amount of the Loan has been used in a manner inconsistent with the provisions of the Legal Agreement, the Borrower shall, upon notice by the Bank to the Borrower, promptly refund such amount to the Bank. Such inconsistent use shall include, without limitation:
 - (i) use of such amount to make a payment for an expenditure that is not a Program Expenditure; or
 - (ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount; or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Borrower (or the Member Country, if the Borrower is not the Member Country, or other recipient of such amount of the Loan), in either case without the Borrower (or Member Country, or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (b) If at any time after the Closing Date the Borrower has failed to provide the Bank evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the total amount of Program Expenditures, the Borrower shall, upon notice from the Bank, promptly refund to the Bank such excess amount of Withdrawn Balance.
- (c) Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.
- (d) If any notice of refund is given pursuant to Section 7.04 (a) and (b) during the Conversion Period for any Conversion applicable to a Loan: (i) the Borrower shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (ii) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the refund.

Section 7.05. Cancellation of Guarantee

If the Borrower has failed to pay any required Loan Payment (otherwise than as a result of any act or omission to act of the Guarantor) and such payment is made by the Guarantor, the Guarantor may, after consultation with the Bank, by notice to the Bank and the Borrower, terminate its obligations under the Guarantee Agreement with respect to any amount of the

Unwithdrawn Loan Balance as at the date of receipt of such notice by the Bank. Upon receipt of such notice by the Bank, such obligations in respect of such amount shall terminate.

Section 7.06. Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Bank may, by notice to the Loan Parties, declare all or part of the Withdrawn Loan Balance as at the date of such notice to be due and payable immediately together with any other Loan Payments due under the Loan Agreement. Upon any such declaration, such Withdrawn Loan Balance and Loan Payments shall become immediately due and payable.

(a) Payment Default. A default has occurred in the payment by a Loan Party of any amount due to the Bank or the Association: (i) under any Legal Agreement; or (ii) under any other agreement between the Bank and the Loan Party; or (iii) under any agreement between the Loan Party and the Association (in the case of an agreement between the Guarantor and the Association, under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement); or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank or the Association to any third party with the agreement of the Loan Party; and such default continues in each case for a period of thirty (30) days.

(b) Performance Default.

- (i) A default has occurred in the performance by a Loan Party of any other obligation under the Legal Agreement to which it is a party or under any Derivatives Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Loan Parties.
- (ii) A default has occurred in the performance by the Program Implementing Entity of any obligation under the Program Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Bank to the Program Implementing Entity and the Loan Parties.
- (c) *Co-financing*. The event specified in sub-paragraph (h) (ii) (B) of Section 7.02 has occurred, subject to the provisions of paragraph (h) (iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 7.02 has occurred.
- (e) Condition of Borrower or Program Implementing Entity. Any event specified in subparagraph (k) (ii) through (k) (v) of Section 7.02 has occurred.
- (f) Additional Event. Any other event specified in the Loan Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Loan Agreement ("Additional Event of Acceleration").

Section 7.07. Acceleration during a Conversion Period

If the Loan Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 7.06 during the Conversion Period for any Conversion applicable to a Loan: (a) the Borrower shall pay a transaction fee in respect of any early termination of the Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the date of such notice; and (b) the Borrower shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Borrower shall be paid not later than sixty (60) days after the date of the effective date of the acceleration.

Section 7.08. Effectiveness of Provisions after Cancellation, Suspension, Refund or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

ARTICLE VIII Enforceability; Arbitration

Section 8.01. *Enforceability*

The rights and obligations of the Bank and the Loan Parties under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Bank nor any Loan Party shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

Section 8.02. Obligations of the Guarantor

Except as provided in Section 7.05, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance, and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower or any prior notice to or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance or concession given to the Borrower; (b) any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by its terms; or (d) any

failure of the Borrower or of the Program Implementing Entity to comply with any requirement of any law of the Member Country.

Section 8.03. Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 8.04. Arbitration

- (a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement, and any claim by any such party against any other such party arising under the Loan Agreement or the Guarantee Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal as hereinafter provided ("Arbitral Tribunal").
- (b) The parties to such arbitration shall be the Bank on the one side and the Loan Parties on the other side.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Bank; (ii) a second arbitrator shall be appointed by the Loan Parties or, if they do not agree, by the Guarantor; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.
- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the Bank on the one side and the Loan Parties on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.
- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement or of any claim by any such party against any other such party arising under such Legal Agreements.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Loan Agreement or Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Member Country except as such procedure may be available otherwise than by reason of the provisions of this Section.
- (l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 10.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE IX Effectiveness; Termination

Section 9.01. Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Loan Party and the Program Implementing Entity confirm and the Bank is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Loan Party or the Program Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Bank so requests, the condition of the Borrower (other than the Member Country) or of the Program Implementing Entity, as represented and warranted to the Bank at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Loan Agreement as a condition of its effectiveness has occurred ("Additional Condition of Effectiveness").

Section 9.02. Legal Opinions or Certificates; Representation and Warranty

For the purpose of confirming that the conditions specified in paragraph (a) of Section 9.01 above have been met:

- (a) The Bank may require an opinion or certificate satisfactory to the Bank confirming: (i) on behalf of the Loan Party or the Program Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Legal Agreement or reasonably requested by the Bank in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Bank does not require an opinion or certificate pursuant to Section 9.02(a), by signing the Legal Agreement to which it is a party, the Loan Party or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Loan Party or the Program Implementing Entity shall notify the Bank when such additional action has been taken. By providing such notification, the Loan Party or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 9.03. Effective Date

(a) Except as the Bank and the Borrower shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Bank dispatches to the Loan Parties and the

Program Implementing Entity notice confirming it is satisfied that the conditions specified in Section 9.01 have been met ("Effective Date").

(b) If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, or the Bank has determined that an extraordinary situation provided for under Section 3.08 (a) exists, the Bank may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 9.04. Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Loan Agreement for the purpose of this Section, unless the Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Bank shall promptly notify the Loan Parties and Program Implementing Entity of such later Effectiveness Deadline.

Section 9.05. Termination of Legal Agreements on Performance of All Obligations

- (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Loan Balance and all other Loan Payments due.
- (b) If the Loan Agreement specifies a date by which certain provisions of the Loan Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms.
- (c) If the Program Agreement specifies a date on which the Program Agreement shall terminate, the Program Agreement and all obligations of the parties under the Program Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Loan Agreement terminates in accordance with its terms. The Bank shall promptly notify the Program Implementing Entity if the Loan Agreement terminates in accordance with its terms prior to the date so specified in the Program Agreement.

ARTICLE X Miscellaneous Provisions

Section 10.01. Execution of Legal Agreements; Notices and Requests

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 9.03 (a), such notice or request shall be deemed to have been duly given or made when it has been delivered by

hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.

(c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 10.02. Action on Behalf of the Loan Parties and the Program Implementing Entity

- (a) The representative designated by a Loan Party in the Legal Agreement to which it is a party (and the representative designated by the Program Implementing Entity in the Program Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement, on behalf of such Loan Party (or the Program Implementing Entity).
- (b) The representative so designated by the Loan Party or person so authorized by such representative may agree to any modification or amplification of the provisions of such Legal Agreement on behalf of such Loan Party by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Loan Parties under the Legal Agreements. The Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 10.03. Evidence of Authority

The Loan Parties and the Program Implementing Entity shall furnish to the Bank: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 10.01 (b).

Section 10.04. Disclosure

The Bank may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Loan Agreement for the purpose of Section 9.01 (c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Loan Agreement for the purpose of Section 7.06 (f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Loan Agreement for the purpose of Section 7.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Loan Agreement for purposes of Section 3.03.
- 5. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", in effect on the date of the Loan Agreement.
- 6. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Bank, which, upon the Conversion, becomes the Loan Currency.
- 7. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 8.04.
- 8. "Association" means the International Development Association.
- 9. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Loan Balance, a Currency Conversion from the Loan Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Loan from the Loan Account.
- 10. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either: (i) the initial Reference Rate component of the interest rate for a Loan based on a Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Loan with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Loan withdrawn from the Loan Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Loan Agreement or in a separate request from the Borrower.
- 11. "Bank" means the International Bank for Reconstruction and Development.
- 12. "Borrower" means the party to the Loan Agreement to which the Loan is extended.
- 13. "Borrower's Representative" means the Borrower's representative specified in the Loan Agreement for the purpose of Section 10.02.

- 14. "Closing Date" means the date specified in the Loan Agreement (or such other date as the Bank shall establish, upon a request from the Borrower, by notice to the Loan Parties) after which the Bank may, by notice to the Loan Parties, terminate the right of the Borrower to withdraw from the Loan Account.
- 15. "Co-financier" means the financier (other than the Bank or the Association) referred to in Section 7.02 (h) providing the Co-financing. If the Loan Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 16. "Co-financing" means the financing referred to in Section 7.02 (h) and specified in the Loan Agreement provided or to be provided for the Program by the Co-financier. If the Loan Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 17. "Co-financing Agreement" means the agreement referred to in Section 7.02 (h) providing for the Co-financing.
- 18. "Co-financing Deadline" means the date referred to in Section 7.02 (h) (i) and specified in the Loan Agreement by which the Co-financing Agreement is to become effective. If the Loan Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01 (b).
- 20. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments are determined by reference to the date of approval of the Loan by the Bank and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 21. "Conversion" means any of the following modifications of the terms of all or any portion of the Loan that has been requested by the Borrower and accepted by the Bank: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Loan Agreement and in the Conversion Guidelines.
- 22. "Conversion Date" means, for a Conversion, such date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Loan Agreement provides for Automatic Conversions to Local Currency the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.
- 23. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association, and in effect at the time of the Conversion.

- 24. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 25. "Counterparty" means a party with which the Bank enters into a derivatives transaction in order to effect a Conversion.
- 26. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Member Country.
- 27. "Currency" means the currency of a country and the Special Drawing Right of the International Monetary Fund. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 28. "Currency Conversion" means a change of the Loan Currency of all or any amount of the Unwithdrawn Loan Balance or the Withdrawn Loan Balance to an Approved Currency.
- 29. "Currency Hedge Notes Transaction" means one or more notes issued by the Bank and denominated in an Approved Currency on such terms as may be agreed between the Borrower and the Bank, for purposes of executing a Currency Conversion.
- 30. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 31. "Currency Hedge Swap Transaction" means one or more Currency swap transactions entered into by the Bank with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.
- 32. "Default Interest Period" means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
- 33. "Default Interest Rate" means for any Default Interest Period: (a) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and (b) in respect of any amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).

- 34. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue.
- 35. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that: (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.02 (e) first becomes overdue; and (b) for an amount of the Withdrawn Loan Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 36. "Derivatives Agreement" means any derivatives agreement between the Bank and a Loan Party (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Bank and such Loan Party (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 37. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account during such Interest Period, in Section 3.03 (a).
- 38. "Disbursement-Linked Amortization Schedule" means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Loan Balance, as specified in the Loan Agreement.
- 39. "Disbursement and Financial Reporting Letter" means the letter transmitted by the Bank to the Borrower as part of the additional instructions to be issued under Section 2.01 (b).
- 40. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 41. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 9.03 (a).
- 42. "Effectiveness Deadline" means the date referred to in Section 9.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
- 43. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.

- 44. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic documents, acceptable to the Bank and in accordance with any such additional instructions as the Bank may specify from time to time by notice to the Borrower.
- 45. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 46. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Bank.
- 47. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.
- 48. "Euro", "€" and "EUR" each means the lawful currency of the Euro Area.
- 49. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- 50. "Execution Date" means, for a Conversion, the date on which the Bank has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Bank.
- 51. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal financial center of the relevant member state in the Euro Area.
- 52. "Financial Statements" means the financial statements to be maintained for the Program as provided in Section 5.09.
- 53. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).
- 54. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Loan to which a Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c).
- 55. "Fixed Spread" means the Bank's fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan

Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Bank's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, "Fixed Spread" means the Bank's fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

- 56. "Front-end Fee" means the fee specified in the Loan Agreement for the purpose of Section 3.01 (a).
- 57. "Guarantee Agreement" means the agreement between the Member Country and the Bank providing for the guarantee of the Loan, as such agreement may be amended from time to time. "Guarantee Agreement" includes these General Conditions as applied to the Guarantee Agreement, and all appendices, schedules and agreements supplemental to the Guarantee Agreement.
- 58. "Guarantor" means the Member Country which is a party to the Guarantee Agreement.
- 59. "Guarantor's Representative" means the Guarantor's representative specified in the Loan Agreement for the purpose of Section 10.02.
- 60. "Installment Share" means the percentage of the total principal amount of the Loan payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 61. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Bank with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.
- 62. "Interest Period" means the initial period from and including the date of the Loan Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 63. "Interest Rate Cap" means, with respect to all or any amount of the Withdrawn Loan Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.

- 64. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Loan Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Loan that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- or any amount of the Withdrawn Loan Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 66. "Legal Agreement" means any of the Loan Agreement, the Guarantee Agreement, the Program Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 67. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Loan Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 68. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 69. "Loan" means the loan provided for in the Loan Agreement.
- 70. "Loan Account" means the account opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited.
- 71. "Loan Agreement" means the loan agreement between the Bank and the Borrower providing for the Loan, as such agreement may be amended from time to time. "Loan Agreement" includes these General Conditions as applied to the Loan Agreement, and all appendices, schedules and agreements supplemental to the Loan Agreement.
- 72. "Loan Currency" means the Currency in which the Loan is denominated; provided that if the Loan Agreement provides for Conversions, "Loan Currency" means the Currency in which the Loan is denominated from time to time. If the Loan is denominated in more than one currency, "Loan Currency" refers separately to each of such Currencies.
- 73. "Loan Party" means the Borrower or the Guarantor. "Loan Parties" means collectively, the Borrower and the Guarantor.
- 74. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the

Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.

- 75. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Bank.
- 76. "London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign Currency deposits) in London.
- 77. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.
- 78. "Member Country" means the member of the Bank which is the Borrower or the Guarantor.
- 79. "Original Loan Currency" means the currency of denomination of the Loan as defined in Section 3.08.
- 80. "Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest and Commitment Charge are payable.
- 81. "Preparation Advance" means the advance referred to in the Loan Agreement and repayable in accordance with Section 2.05 (a).
- 82. "Principal Payment Date" means each date specified in the Loan Agreement on which all or any portion of the principal amount of the Loan is payable.
- 83. "Program" means the program described in the Loan Agreement for which the Loan is extended, as the description of such program may be amended from time to time by agreement between the Bank and the Borrower.
- 84. "Program Agreement" means the agreement between the Bank and the Program Implementing Entity relating to the implementation of all or part of the Program, as such agreement may be amended from time to time. "Program Agreement" includes these General Conditions as applied to the Program Agreement, and all appendices, schedules and agreements supplemental to the Program Agreement.
- 85. "Program Expenditure" means an expenditure that meets the requirements of Section 2.03.
- 86. "Program Implementing Entity" means a legal entity (other than the Borrower or the Guarantor) which is responsible for implementing all or a part of the Program and which is a party to the Program Agreement or the Subsidiary Agreement.

- 87. "Program Implementing Entity's Representative" means the Program Implementing Entity's representative specified in the Program Agreement for the purpose of Section 10.02 (a).
- 88. "Program Fiduciary, Environmental and Social Systems" means the systems referred to in Section 5.01 (b).
- 89. "Program Report" means each report on the Program to be prepared and furnished to the Bank pursuant to Section 5.08 (b).
- 90. "Public Assets" means assets of the Member Country, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- 91. "Reference Rate" means, for any Interest Period:
 - for USD, JPY, and GBP, LIBOR for the relevant Loan Currency. If such rate (a) does not appear on the Relevant Rate Page, the Bank shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in the relevant Loan Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four (4) major banks selected by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Loan Currency to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for the relevant Loan Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;
 - (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Bank shall request the principal Euro Area office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Bank) of the rates quoted by four (4) major banks selected

by the Bank in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;

- (c) if the Bank determines that LIBOR (in respect of USD, JPY, and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Bank shall determine pursuant to Section 3.02 (c); and
- (d) for any currency other than USD, Euro, JPY, or GBP: (i) such reference rate for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Bank in accordance with the Conversion Guidelines and notice thereof given to the Borrower in accordance with Section 4.01 (c).

92. "Reference Rate Reset Date" means:

- (a) for USD, JPY, and GBP the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) London Banking Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any of USD, JPY, or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the Conversion Date);
- (b) for EUR, the day two (2) TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) TARGET Settlement Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to EUR falls on a day other than a Payment Date, the initial

Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the Conversion Date);

- (c) if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or, as agreed by the Bank and the Borrower for such Conversion; and
- (d) for any currency other than USD, EUR, JPY, and GBP: (i) such day for the initial Loan Currency as shall be specified or referred to in the Loan Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Bank and notice thereof given to the Borrower in accordance with Section 4.01 (c).
- 93. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Bank as the page for the purpose of displaying the Reference Rate for deposits in the Loan Currency.
- 94. "Respective Part of the Program" means, for the Borrower and for any Program Implementing Entity, the part of the Program specified in the Legal Agreements to be carried out by it.
- 95. "Screen Rate" means with respect to a Conversion, such rate as determined by the Bank on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines.
- 96. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.
- 97. "Subsidiary Agreement" means the agreement that the Borrower enters into with the Program Implementing Entity setting forth the respective obligations of the Borrower and the Program Implementing Entity with respect to the Program.
- 98. "Substitute Loan Currency" means the substitute currency of denomination of a Loan as defined in Section 3.08.
- 99. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.
- 100. "Taxes" includes imposts, levies, fees and duties of any nature whether in effect at the date of the Legal Agreements or imposed after that date.

- 101. "Umpire" means the third arbitrator appointed pursuant to Section 8.04 (c).
- 102. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Borrower to the Bank equal to the net aggregate amount payable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Bank to the Borrower equal to the net aggregate amount receivable by the Bank under transactions undertaken by the Bank to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Bank on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.
- 103. "Unwithdrawn Loan Balance" means the amount of the Loan remaining unwithdrawn from the Loan Account from time to time.
- 104. "Variable Rate" means: (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Loan Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread; and (b) in case of a Conversion, such variable rate as determined by the Bank in accordance with the Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c).
- 105. "Variable Spread" means, for each Interest Period: (a) (1) the Bank's standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Bank and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01 (c). In the case of a Loan denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 106. "Withdrawn Loan Balance" means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.
- 107. "Yen", "¥" and "JPY" each means the lawful currency of Japan.

ANNEX D

General Conditions for IDA Financing: Investment Project Financing International Development Association

General Conditions for IDA Financing

Investment Project Financing

Dated July ___, 2017

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ARTICLE I Introductory Provisions

Section 1.01 Application of General Conditions

- (a) These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If there is no Project Agreement between the Association and a Project Implementing Entity or Subsidiary Agreement between the Recipient and the Project Implementing Entity, references in these General Conditions to the Project Implementing Entity, the Project Agreement or the Subsidiary Agreement shall be disregarded.
- (b) The provisions contained herein shall apply to both Concessional Financing and Non-concessional Financing, unless a particular Section or an Article included in these General Conditions explicitly provides that it shall solely apply to Concessional Financing or Non-concessional Financing, as applicable (a "Specific Provision"). In the event a Specific Provision is inconsistent, contrary or irreconcilable with other provisions of these General Conditions, such Specific Provision shall prevail.

Section 1.02 Inconsistency with Legal Agreements

If any provision of the Financing Agreement or the Project Agreement is inconsistent with a provision of these General Conditions, the provision of the Financing Agreement or the Project Agreement shall prevail.

Section 1.03 Definitions

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04 References, Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01 Financing Account, Withdrawals Generally, Currency of Withdrawal

(a) The Association shall credit the amount of the Financing to the Financing Account in Special Drawing Rights or, as the Association may reasonably determine, in any other Currency.

- (b) The Recipient may from time to time request withdrawals of Financing amounts from the Financing Account in accordance with the provisions of the Financing Agreement, the Disbursement and Financial Reporting Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient.
- (c) The Association shall, at the request and acting as an agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase with the Currency withdrawn from the Financing Account such Currencies as the Recipient shall reasonably request to meet payments for Eligible Expenditures. In the event the amount of the Financing has been credited to the Financing Account in Special Drawing Rights, the amount of each withdrawal from the Financing Account shall be calculated as the equivalent in terms of Special Drawing Rights (determined as of the date of withdrawal) of the Currency or Currencies so requested.

Section 2.02 Special Commitment by the Association

At the Recipient's request and on such terms and conditions as the Recipient and the Association shall agree, the Association may enter into special commitments in writing to pay amounts for Eligible Expenditures notwithstanding any subsequent suspension or cancellation by the Association or the Recipient ("Special Commitment").

Section 2.03 Applications for Withdrawal or for Special Commitment

- (a) When the Recipient wishes to request a withdrawal from the Financing Account or to request the Association to enter into a Special Commitment, the Recipient shall promptly deliver to the Association a written application in such form and substance as the Association shall reasonably request.
- (b) The Recipient shall furnish to the Association evidence satisfactory to the Association of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (c) The Recipient shall furnish to the Association such documents and other evidence in support of each such application as the Association shall reasonably request, whether before or after the Association has permitted any withdrawal requested in the application.
- (d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw from the Financing Account the amount applied for and that the amount to be withdrawn from the Financing Account shall be used only for the purposes specified in the Financing Agreement.
- (e) The Association shall pay the amounts withdrawn by the Recipient from the Financing Account only to, or on the order of, the Recipient.

Section 2.04 Designated Accounts

(a) The Recipient may open and maintain one or more designated accounts into which the Association may, at the request of the Recipient, deposit amounts withdrawn from the Financing Account as advances for purposes of the Project. All designated accounts shall be opened in a financial institution acceptable to the Association, and on terms and conditions acceptable to the Association.

(b) Deposits into, and payments out of, any such designated account shall be made in accordance with the Financing Agreement and such additional instructions as the Association may specify from time to time by notice to the Recipient, including the World Bank Disbursement Guidelines for Projects. The Association may, in accordance with the Financing Agreement and such instructions, cease making deposits into any such account upon notice to the Recipient. In such case, the Association shall notify the Recipient of the procedures to be used for subsequent withdrawals from the Financing Account.

Section 2.05 Eligible Expenditures

Expenditures eligible to be financed out of the Financing proceeds shall, except as otherwise provided in the Legal Agreements, satisfy the following requirements ("Eligible Expenditures"):

- (a) the payment is for the reasonable cost of Project activities that meet the requirements of the relevant Legal Agreements;
- (b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (c) the payment is made on or after the date of the Financing Agreement, and, except as the Association may otherwise agree, is for expenditures incurred on or before to the Closing Date.

Section 2.06 Financing Taxes

The use of any proceeds of the Financing to pay for Taxes levied by, or in the territory of, the Recipient on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted pursuant to the Legal Agreements, is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Financing.

Section 2.07 Refinancing Preparation Advance; Service, Interest and Other Charges

(a) If the Recipient requests the repayment out of the proceeds of the Financing of an advance be made by the Bank or the Association ("Preparation Advance") and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, and shall cancel the

remaining unwithdrawn amount of the advance.

(b) If the Recipient requests that the Service Charge, Interest Charge, Commitment Charge, or other charges on the Credit, as applicable, be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Financing Agreement on the amount to be so withdrawn.

Section 2.08 Allocation of Financing Amount

If the Association reasonably determines that in order to meet the purposes of the Financing it is appropriate to reallocate Financing amounts among withdrawal categories, modify the existing withdrawal categories, or modify the percentage of expenditures to be financed by the Association under each withdrawal category, the Association may, after consultation with the Recipient, make such modifications, and shall notify the Recipient accordingly.

ARTICLE III Financing Terms

This Article III is divided into Part A, with Financing Terms applicable to Concessional Financing only, Part B, with Financing Terms applicable to Non-concessional Financing only, and Part C, with Financing Terms applicable to both Concessional Financing and Non-concessional Financing.

Part A. Financing Terms Applicable to Concessional Financing Only

Section 3.01 Application of Part A to Article III

The provisions of Part A to this Article III shall apply solely to Concessional Financing.

Section 3.02 Commitment Charge

- (a) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Financing Balance at the rate set by the Association as of June 30 of each year ("Commitment Charge"), which shall not exceed the rate specified in the Financing Agreement ("Maximum Commitment Charge Rate").
- (b) The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. Except as otherwise provided in Section 2.07 (b), the Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30- day months.

(c) The Association shall notify the Recipient of the applicable Commitment Charge promptly upon its determination.

Section 3.03 Service Charge

The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The service charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04 Interest Charge

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.05 Repayment of the Credit

(a) Repayment Generally. Subject to the provisions of paragraph (b) of this Section, the Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement.

(b) Accelerated Repayment.

- (i) The Association may modify the repayment of installments of the Withdrawn Credit Balance as provided in the Financing Agreement in accordance with sub-paragraph (ii) or (iii) of this paragraph whenever all of the following events have occurred: (A) the Recipient's per capita gross national income, as determined by the Association, has exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; (B) the Bank considers the Recipient's creditworthy for Bank lending; and (C) after due consideration of the development of the Recipient's economy, the Executive Directors of the Association have reviewed and approved such modification.
- (ii) The Association shall, upon the occurrence of the events referred to in paragraph (b) (i) of this Section: (A) require the Recipient to repay twice the amount of each installment of the Withdrawn Credit Balance not yet due until the Credit has been fully repaid; and (B) require the Recipient to commence such repayment as of the first semiannual Principal Payment Date falling six (6) months or more after the date on which the Association notifies the Recipient that such events have occurred; provided, however, that there shall be a grace period of a minimum of five years on such repayment.

- (iii) Alternatively, if so requested by the Recipient, the Association may revise the terms specified in sub-paragraph (ii) of this paragraph to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the Withdrawn Credit Balance; provided that, in the judgment of the Association, such revision shall not change the grant element provided under such terms.
- (iv) If, at any time after the repayment terms have been modified pursuant to sub-paragraph (i) of this Section, the Association determines that the Recipient's economic condition has deteriorated significantly, the Association may, if so requested by the Recipient, further revise the terms of repayment of the Withdrawn Credit Balance to conform to the schedule of installments originally provided in the Financing Agreement, taking into account any repayments already made by the Recipient.

Section 3.06 Prepayment

The Recipient may repay the Association in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient.

Part B. Financing Terms Applicable to Non-concessional Financing Only

Section 3.07 Application of Part B to Article III

The provisions of Part B to this Article III shall apply solely to Non-concessional Financing.

Section 3.08 Front-end Fee; Commitment Charge

- (a) The Recipient shall pay the Association a Front-end Fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee"). Except as otherwise provided in Section 3.08 (b), the Recipient shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) If the Recipient requests that the Front-end Fee be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself such fee.
- (c) No withdrawal of any Credit amount from the Credit Account shall be made (other than to repay the Preparation Advance) until the Association has received from the Recipient payment in full of the Front-end Fee.
- (d) The Recipient shall pay the Association a Commitment Charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. Except as otherwise provided in Section 2.07 (b), the Recipient shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.09 Interest Charge

- (a) The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement; provided, however, that the interest rate applicable to any interest period payable shall in no event be less than zero percent (0%) per annum; and provided further that, if the Financing Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day-count convention reasonably determined by the Association.
- (b) If interest on any amount of the Withdrawn Credit Balance is based on a Variable Spread, the Association shall notify the Recipient of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Credit is based on LIBOR or EURIBOR, and the Association determines that such Reference Rate has permanently ceased to be quoted for the relevant Credit Currency, the Association shall apply such other comparable Reference Rate for such Credit Currency as it may reasonably determine. The Association shall promptly notify the Recipient of such other rate.
- (d) If interest on any amount of the Withdrawn Credit Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Association determines that it is in the interest of its borrowers as a whole and of the Association to apply a basis for determining such interest rate other than as provided in the Financing Agreement, the Association may modify the basis for determining such interest rate upon not less than three months' notice to the Recipient of the new basis. The new basis shall become effective on the expiry of the notice period unless the Recipient notifies the Association during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Credit.
- (e) Notwithstanding the provisions of Section 3.09(a), if any amount of the Withdrawn Credit Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Financing Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.10 Repayment of the Credit

(a) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement, and, if applicable, as further provided in paragraphs (b), (c), (d) and (e) of this Section 3.10. The Withdrawn Credit Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.

(b) For Credits with a Commitment-linked Amortization Schedule:

The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement provided that:

- (iv) If the proceeds of the Credit have been fully withdrawn as of the first Principal Payment Date specified in the Financing Agreement, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined by the Association by multiplying: (x) the Withdrawn Credit Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Financing Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).
- (v) If the proceeds of the Credit have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Credit have been withdrawn as of the first Principal Payment Date, the Recipient shall repay the Withdrawn Credit Balance as of such date in accordance with the Amortization Schedule under the Financing Agreement.
 - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Association by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Financing Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).
 - (A) Amounts of the Credit withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (B) Notwithstanding the provisions of this paragraph, if at any time the Association adopts a due date billing system under which invoices are issued on or after the respective Principal Payment

(vi)

Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

- (c) For Credits with Disbursement-linked Amortization Schedule:
 - (i) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement.
 - (ii) The Association shall notify the Recipient of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
 - (d) If the Withdrawn Credit Balance is denominated in more than one Credit Currency, the provisions of the Financing Agreement and this Section 3.10 shall apply separately to the amount denominated in each Credit Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
 - (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the Amortization Schedule in the Financing Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Credit Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Association in accordance with the Conversion Guidelines.

Section 3.11 Prepayment

- (a) After giving not less than forty-five (45) days' notice to the Association, the Recipient may repay the Association the following amounts in advance of maturity, as of a date acceptable to the Association (provided that the Recipient has paid all Financing Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Credit Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Credit. Any partial prepayment of the Withdrawn Credit Balance shall be applied in the manner specified by the Recipient, or in the absence of any specification by the Recipient, in the following manner: (A) if the Financing Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Credit, the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Credit maturities, with the latest maturity being repaid first.
- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Association to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Credit to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Recipient shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate

as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of prepayment; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.

(d) Notwithstanding Section 3.11 (a) above and unless the Association agrees otherwise, the Recipient may not prepay in advance of maturity any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Part C. Financing Terms Applicable to Both Concessional Financing and

Non-concessional Financing

Section 3.12 Application of Part C to Article III

The provisions of Part C to this Article III shall solely apply to both Concessional Financing and Non-concessional Financing.

Section 3.13 Partial Payment

If the Association at any time receives less than the full amount of any Financing Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Financing Agreement as it determines in its sole discretion.

Section 3.14 Place of Payment

All Financing Payments shall be paid at such places as the Association shall reasonably request.

Section 3.15 Currency of Payment

- (a) The Recipient shall pay all Financing Payments in the Payment Currency, and if a Conversion has been effected in respect of any amount of a Credit qualifying as Non-concessional Financing, as further specified in the Conversion Guidelines.
- (b) If the Recipient so requests, and the Association agrees to such a request, the Association shall, acting as agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase the Payment Currency for the purpose of paying a Financing Payment upon timely payment by the Recipient of sufficient funds for that purpose in a Currency or Currencies acceptable to the Association; provided, however, that the Financing Payment shall be deemed to have been paid only when and to the extent that the Association has received such payment in the Payment Currency.

Section 3.16 Amount of Repayment

Where the Credit is denominated in SDR, and in accordance with Section 2.01(a), the Withdrawn Credit Balance repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the Currency or Currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.

Section 3.17 Valuation of Currencies

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Association.

Section 3.18 *Manner of Payment*

- (a) Any Financing Payment required to be paid to the Association in the Currency of any country shall be paid in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Association with a depository of the Association authorized to accept deposits in such Currency.
- (b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Recipient.
- (c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Recipient, or in connection with their execution, delivery or registration.

Section 3.19 Temporary Currency Substitution

- (a) If the Association reasonably determines that an extraordinary situation has arisen under which the Association shall be unable to provide the Credit Currency at any time for purposes of funding the Credit, the Bank may provide such substitute Currency or Currencies ("Substitute Credit Currency") for the Credit Currency ("Original Credit Currency") as the Association shall select. During the period of such extraordinary situation: (i) the Substitute Credit Currency shall be deemed to be the Credit Currency for purposes of the Legal Agreements; and (ii) Financing Payments shall be paid in the Substitute Credit Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Association. The Association shall promptly notify the parties of the occurrence of such extraordinary situation, the Substitute Credit Currency and the financial terms of the Credit related to the Substitute Credit Currency.
- (b) Upon notification by the Association under paragraph (a) of this Section, the Recipient may within thirty (30) days thereafter notify the Association of its selection of another Currency acceptable to the Association as the Substitute Credit Currency. In such case, the Association shall notify the Recipient of the financial terms of the Credit applicable to said Substitute Credit Currency, which shall be determined in accordance with principles reasonably established by the Association.

- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Credit.
- (d) Once the Association is again able to provide the Original Credit Currency, it shall, at the Recipient's request, change the Substitute Credit Currency to the Original Credit Currency in accordance with principles reasonably established by the Association.

ARTICLE IV Conversions of Financing Terms

Section 4.01 Application of Article IV

The provisions of this Article IV shall apply solely to Non-concessional Financing.

Section 4.02 Conversions Generally

- (a) The Recipient may, at any time, request a Conversion of the terms of the Non-concessional Financing in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Recipient to the Association in accordance with the Conversion Guidelines and, upon acceptance by the Association, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.02(e) below, the Recipient may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Association and the Recipient.
- (c) Upon acceptance by the Association of a request for a Conversion, the Association shall take all actions necessary to effect the Conversion in accordance with the Financing Agreement and the Conversion Guidelines. To the extent any modification of the provisions of the Financing Agreement providing for withdrawal or repayment of the proceeds of the Credit is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Association shall notify the Recipient of the financial terms of the Credit, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Credit.
- (d) The Recipient shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of the Association's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.

(e) Except as otherwise agreed by the Association, the Recipient may not request additional Conversions of any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Association and the Recipient and may include transaction fees to cover the underwriting cost of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.03 Conversion to a Fixed Rate or Fixed Spread of Credit that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Credit that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Credit Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Recipient.

Section 4.04 Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) Interest Rate Conversion. Upon an Interest Rate Conversion, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.
- (c) Currency Conversion of Withdrawn Amounts. Upon a Currency Conversion of all or any amount of the Withdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Credit Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.05 Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Recipient shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Financing Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of

an amount of the Withdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Association under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Association so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Recipient shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Financing Agreement.

(c) Termination of Conversion Period prior to Final Credit Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Credit terminates prior to the final maturity of such portion, the principal amount of such portion of the Credit remaining outstanding in the Credit Currency to which such amount shall revert upon such termination shall be determined by the Association either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Credit Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Recipient shall repay such principal amount in the Credit Currency in accordance with the provisions of the Financing Agreement.

Section 4.06 Interest Rate Cap; Interest Rate Collar

- (a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.
- (b) Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on

such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.

(c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Recipient shall pay to the Association a premium on the amount of the Withdrawn Credit Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Association for an interest rate cap or collar purchased by the Association from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Recipient not later than sixty (60) days after the Execution Date; (ii) promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Recipient has requested that the premium be paid out of the proceeds of the Credit, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Financing Agreement.

Section 4.07 *Early Termination*.

- (a) The Association shall have the right to terminate any Conversion effected on such Credit during any period of time in which the Default Interest Rate accrues on the Credit as provided in Section 3.09 (e).
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Association as provided in Section 4.07 (a) or the Recipient: (i) the Recipient shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of early termination; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V Project Execution

Section 5.01 *Project Execution Generally*

The Recipient and the Project Implementing Entity shall carry out their Respective Parts of the Project:

- (a) with due diligence and efficiency;
- (b) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and
- (c) in accordance with the provisions of the Legal Agreements.

Section 5.02 Performance under the Financing Agreement, Project Agreement and Subsidiary Agreement

The Recipient shall: (a) cause the Project Implementing Entity to perform all of the obligations of the Project Implementing Entity set forth in the Project Agreement or the Subsidiary Agreement in accordance with the provisions of the Project Agreement or Subsidiary Agreement; and (b) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.03 Provision of Funds and other Resources

The Recipient shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Project; and (b) necessary or appropriate to enable the Project Implementing Entity to perform its obligations under the Project Agreement or the Subsidiary Agreement.

Section 5.04 Insurance

The Recipient and the Project Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Project and to be financed out of the proceeds of the Financing, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 5.05 Land Acquisition

The Recipient and the Project Implementing Entity shall take (or cause to be taken) all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Project and shall promptly furnish to the Association, upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Section 5.06 Use of Goods, Works and Services; Maintenance of Facilities

- (a) Except as the Association shall otherwise agree, the Recipient and the Project Implementing Entity shall ensure that all goods, works and services financed out of the proceeds of the Financing are used exclusively for the purposes of the Project.
- (b) The Recipient and the Project Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

Section 5.07 Plans; Documents; Records

- (a) The Recipient and the Project Implementing Entity shall furnish to the Association all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Project, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Association shall reasonably request.
- (b) The Recipient and the Project Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Project (including its cost and the benefits to be derived from it), to identify the Eligible Expenditures financed out of the proceeds of the Financing and to disclose their use in the Project, and shall furnish such records to the Association upon its request.
- (c) The Recipient and the Project Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Project until at least the later of: (i) one (1) year after the Association has received the audited Financial Statements covering the period during which the last withdrawal from the Financing Account was made; and (ii) two (2) years after the Closing Date. The Recipient and the Project Implementing Entity shall enable the Association's representatives to examine such records.

Section 5.08 Project Monitoring and Evaluation

- (a) The Recipient and the Project Implementing Entity shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of its objectives.
- (b) The Recipient shall prepare or cause to be prepared periodic reports ("Project Report"), in form and substance satisfactory to the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project, and to achieve the Project's objectives. The Recipient shall furnish or cause to be furnished each Project Report to the Association promptly upon its preparation, afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Association's views on the matter.
- (c) Except as the Association may reasonably determine otherwise, the Recipient shall

prepare, or cause to be prepared, and furnish to the Association not later than six (6) months after the Closing Date: (i) a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, the performance by the Recipient, the Project Implementing Entity and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing; and (ii) a plan designed to ensure the sustainability of the Project's achievements.

Section 5.09 Financial Management, Financial Statements, Audits

- (a) (i) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) the Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect its operations, resources and expenditures, and/or those of the Project, as may be further specified in the Disbursement and Financial Reporting Letter.
- (b) The Borrower and the Project Implementing Entity shall:
 - (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
 - (ii) not later than the date specified in the Disbursement and Financial Reporting Letter, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request;
 - (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank; and
 - (iv) if requested by the Bank, periodically furnish or cause to be furnished to the Bank interim unaudited financial reports for the Project, in form and substance satisfactory to the Bank and as further specified in the Disbursement and Financial Reporting Letter.

Section 5.10 *Cooperation and Consultation*

The Recipient and the Association shall cooperate fully to assure that the purposes of the Financing and the objectives of the Project will be accomplished. To that end, the Recipient and the Association shall:

- (a) from time to time, at the request of either one of them, exchange views on the Project, the Financing, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to

interfere with, such matters.

Section 5.11 Visits

- (a) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Financing or the Project.
- (b) The Recipient and the Project Implementing Entity shall enable the Association's representatives: (i) to visit any facilities and construction sites included in their Respective Parts of the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for their Respective Parts of the Project, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.12 Disputed Area

In the event that the Project is in an area which is or becomes disputed, neither the Association's financing of the Project, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Association as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

Section 5.13 Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section 5.14 Anti-Corruption

The Recipient and the Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

ARTICLE VI Financial and Economic Data; Financial Condition

Section 6.01 Financial and Economic Data

- (a) The Member Country shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- (b) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 ("DRSM"), as may be revised

from time to time), in accordance with the DRSM, and in particular, to notify the Association of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.

- (c) If the Association has notified the Recipient that the Recipient is subject to its policies on non-concessional borrowing, the Recipient shall: (i) notify the Association at least three months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the Association reasonable opportunity to exchange views with the Recipient on the matter. For purposes of this paragraph, "non-concessional long-term external debt" means any long-term external debt (as defined in DRSM), but excluding private debt (as so defined), with an estimated grant element calculated in the manner published from time to time by the Association.
- (d) The Recipient represents, as at the date of the Financing Agreement, that no defaults exist in respect of any "external debt" (as defined in the DRSM), except those listed in a notification from the Recipient to the Association.

Section 6.02 Financial Condition

If the Association has determined that the financial condition of a Financing recipient, which is not a member country, or the Project Implementing Entity, is a material factor in the Association's decision to lend, the Association shall have the right, as a condition to lend, to require that such recipient or Project Implementing Entity provides the Association with representations and warranties related to its financial and operating conditions, satisfactory to the Association.

ARTICLE VII

Negative Pledge

Section 7.01 Application of Article VII

The provisions of this Article VII shall apply solely to Non-concessional Financing.

Section 7.02 Negative Pledge

(a) It is the policy of the Association, in providing Credits to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its Credits in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Association shall otherwise agree, *ipso facto* and at no cost to the Association, equally and ratably secure all Financing Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect;

provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Association secure all Financing Payments by an equivalent Lien on other Public Assets satisfactory to the Association.

- (b) The party to the Financing Agreement which is not a Member Country undertakes that, except as the Association shall otherwise agree:
 - (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Financing Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Association; and
 - (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Association, an equivalent Lien satisfactory to the Association to secure the payment of all Financing Payments.]
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.
- (d) The Member Country represents, as of the date of the Financing Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Association and those excluded pursuant to paragraph (c) of this Section 7.02.
- (e) Solely for the purposes of interpreting this Article VII, "Financing Payment" means any amount: (i) payable by the Member Country to the Association; or (ii) payable by the party to the Financing Agreement which is not a Member Country, to the Association; pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by such party, as applicable; provided that no amount referred to in this Section 7.02(e) shall be an amount payable in respect of Concessional Financing.
- (f) Solely for the purposes of this Article VII, "Financing Agreement" means the financing agreement between: (i) the Recipient and the Association; or (ii) another party and the Association; providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing

ARTICLE VIII Cancellation; Suspension; Grant and Credit Refund; Acceleration

Section 8.01 Cancellation by the Recipient

The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance, except that the Recipient may not cancel any such amount that is subject to a Special Commitment.

Section 8.02 Suspension by the Association

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored.

(a) Payment Failure. The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges, interest charges, or any other amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient.

(b) *Performance Failure*.

- (i) The Recipient has failed to perform any other obligation under the Financing Agreement, or to the extent applicable, under any Derivatives Agreement.
- (ii) The Project Implementing Entity has failed to perform any obligation under the Project Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Association determines that any representative of the Recipient or the Project Implementing Entity, or any other recipient of any of the proceeds of the Financing has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Financing, without the Recipient or the Project Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

(d) Cross Suspension.

(i) The Association or the Bank has suspended in whole or in part the right of the Recipient to make withdrawals under any agreement with the Association or with the Bank because of a failure by the Recipient to perform any of its obligations under such agreement or any other agreement with the Association.

- (ii) The Bank has suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement or any other agreement with the Bank.
- (e) Extraordinary Situation. As a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation has arisen which makes it improbable that the Project can be carried out or that the Recipient or the Project Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.
- (f) Event prior to Effectiveness. The Association has determined after the Effective Date that prior to such date but after the date of the Financing Agreement, an event has occurred which would have entitled the Association to suspend the Recipient's right to make withdrawals from the Financing Account if the Financing Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by the Recipient in or pursuant to the Financing Agreement, or any representation or statement furnished by the Recipient and intended to be relied upon by the Association in making the Financing, was incorrect in any material respect.
- (h) Co-financing. Any of the following events occurs with respect to any financing specified in the Financing Agreement to be provided for the Project ("Co-financing") by a financier (other than the Association or the Bank) ("Co-financier"):
 - (i) If the Financing Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Association has established by notice to the Recipient ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that adequate funds for the Project are available from other sources on terms and conditions consistent with its obligations under the Financing Agreement.
 - (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under the Financing Agreement.

- (i) Assignment of Obligations; Disposition of Assets. The Recipient or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project), has, without the consent of the Association: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Financing; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Association: (A) do not materially and adversely affect the ability of the Recipient or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project Implementing Entity (or such other entity).
- (j) Membership. The Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Project Implementing Entity.
 - (i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project).
 - (ii) The Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Financing Agreement.
 - (iii) In the opinion of the Association, the legal character, ownership or control of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Recipient or of the Project Implementing Entity (or such other entity) to perform any ofits obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Project.
- (1) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.

(m) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 8.03 Cancellation by the Association

If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Financing Balance, the Association may, by notice to the Recipient, terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Financing shall be cancelled.

- (a) Suspension. The right of the Recipient to make withdrawals from the Financing Account has been suspended with respect to any amount of the Financing for a continuous period of thirty (30) days.
- (b) Amounts not Required. At any time, the Association determines, after consultation with the Recipient, that an amount of the Financing will not be required to finance Eligible Expenditures.
- (c) Fraud and Corruption. At any time, the Association determines, with respect to any amount of the proceeds of the Financing, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Project Implementing Entity (or other recipient of the proceeds of the Financing) without the Recipient or the Project Implementing Entity (or other recipient of the proceeds of the Financing) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- (d) *Misprocurement*. At any time, the Association: (i) determines that the procurement of any contract to be financed out of the proceeds of the Financing is inconsistent with the procedures set forth or referred to in the Legal Agreements; and (ii) establishes the amount of expenditures under such contract which would otherwise have been eligible for financing out of the proceeds of the Financing.
- (e) Closing Date. After the Closing Date, there remains an Unwithdrawn Financing Balance.

Section 8.04 Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association

No cancellation or suspension by the Association shall apply to amounts subject to any Special Commitment except as expressly provided in the Special Commitment.

Section 8.05 Application of Cancelled Amounts to Maturities of the Credit

Except as the Recipient and the Association shall otherwise agree, any cancelled amount of the Credit shall be applied *pro rata* to the installments of the principal amount of the Credit falling due after the date of such cancellation.

Section 8.06 Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Credit Balance as at the date of such notice to be due and payable immediately together with any other Financing Payments due under the Financing Agreement. Upon any such declaration, such Withdrawn Credit Balance and Financing Payments shall become immediately due and payable.

(a) Payment Default. A default has occurred in the payment by the Recipient of any amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient; and such default continues in each case for a period of thirty (30) days.

(b) *Performance Default.*

- (i) A default has occurred in the performance by the Recipient of any other obligation under the Financing Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Recipient.
- (ii) A default has occurred in the performance by the Project Implementing Entity of any obligation under the Project Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Project Implementing Entity and the Recipient.
- (c) *Co-financing*. The event specified in sub-paragraph (h)(ii)(B) of Section 8.02 has occurred, subject to the provisions of sub-paragraph (h)(iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 8.02 has occurred.
- (e) Condition of Project Implementing Entity. Any event specified in sub-paragraph (k)(i), (k)(ii), or (k)(iii) of Section 8.02 has occurred.
- (f) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Financing Agreement ("Additional Event of Acceleration").

Section 8.07 Grant or Credit Refund

(a) If the Association determines that an amount of the Withdrawn Grant Balance or Withdrawn Credit Balance, as applicable, has been used in a manner inconsistent with the provisions of the Legal Agreement, the Recipient shall, upon notice by the Association to the Recipient, promptly refund such amount to the Association. Such inconsistent use shall

include, without limitation:

- (i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or
- (ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount;, or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient or the Project Implementing Entity (or other recipient of such amount of the Withdrawn Grant Balance or Withdrawn Credit Balance), in either case without the Recipient or the Project Implementing Entity (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- (b) Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
- (c) If any notice of refund is given pursuant to Section 8.07 (a) during the Conversion Period for any Conversion applicable to a Credit: (i) the Recipient shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (ii) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the date of the refund.

Section 8.08 Acceleration during a Conversion Period

If the Financing Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 8.06 during the Conversion Period for any Conversion applicable to a Credit: (a) the Recipient shall pay a transaction fee in respect of any early termination of the Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (b) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the effective date of the acceleration.

Section 8.09 Effectiveness of Provisions after Cancellation, Suspension, Refund or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

ARTICLE IX Enforceability; Arbitration

Section 9.01 *Enforceability*

The rights and obligations of the Recipient and the Association under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 9.02 Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 9.03 Arbitration

- (a) Any controversy between the parties to the Financing Agreement and any claim by either such party against the other arising under the Financing Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal ("Arbitral Tribunal") as hereinafter provided.
- (b) The parties to such arbitration shall be the Association and the Recipient.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Association; (ii) a second arbitrator shall be appointed by the Recipient; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either party fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the

party instituting the proceeding the name of the arbitrator appointed by such other party.

- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.
- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Financing Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.
- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Financing Agreement or of any claim by either party against the other party arising under the Financing Agreement.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, either party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against the other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Financing Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.
- (l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Financing Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE X Effectiveness; Termination

Section 10.01 Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Recipient and the Project Implementing Entity confirm and the Association is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Recipient or the Project Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Association so requests, the condition of the Project Implementing Entity, as represented and warranted to the Association at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Financing Agreement as a condition of its effectiveness has occurred ("Additional Condition of Effectiveness").

Section 10.02 Legal Opinions or Certificates; Representation and Warranty

For the purpose of confirming that the conditions specified in paragraph (a) of Section 10.01 above have been met:

- (a) The Association may require an opinion or certificate satisfactory to the Association confirming: (i) on behalf of the Recipient or the Project Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party, and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Financing Agreement or reasonably requested by the Association in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Association does not require an opinion or certificate pursuant to Section 10.02 (a), by signing the Legal Agreement to which it is a party, the Recipient or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Recipient or the Project Implementing Entity shall notify the Association when such additional action has been taken. By providing such notification, the Recipient or the Project Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 10.03 Effective Date

- (a) Except as the Recipient and the Association shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Association dispatches to the Recipient and the Project Implementing Entity notice confirming it is satisfied that the conditions specified in Section 10.01 have been met ("Effective Date").
- (b) If, before the Effective Date, any event has occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Financing Account if the Financing Agreement had been effective, or the Association has determined that an extraordinary situation provided for under Section 3.19 (a) exists, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 10.04 Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Financing Agreement for the purpose of this Section, unless the Association, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Association shall promptly notify the Recipient and the Project Implementing Entity of such later Effectiveness Deadline.

Section 10.05 Termination of Legal Agreements on Performance of All Obligations

- (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Credit Balance and all other Financing Payments due.
- (b) If the Financing Agreement specifies a date by which certain provisions of the Financing Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms.
- (c) If the Project Agreement specifies a date on which the Project Agreement shall terminate, the Project Agreement and all obligations of the parties under the Project Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms. The Association shall promptly notify the Project Implementing Entity if the Financing Agreement terminates in accordance with its terms prior to the date so specified in the Project Agreement.

ARTICLE XI Miscellaneous Provisions

Section 11.01 Execution of Legal Agreements; Notices and Requests

(a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.

- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 10.03(a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 11.02 Action on Behalf of the Recipient and the Project Implementing Entity

- (a) The representative designated by the Recipient in the Financing Agreement (and the representative designated by the Project Implementing Entity in the Project Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement on behalf of the Recipient (or the Project Implementing Entity).
- (b) The representative so designated by the Recipient or person so authorized by such representative may agree to any modification or amplification of the provisions of the Financing Agreement on behalf of the Recipient by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Financing Agreement. The Association may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 11.03 Evidence of Authority

The Recipient and the Project Implementing Entity shall furnish to the Association: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 11.01(b).

Section 11.04 Disclosure

The Association may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.



APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Financing Agreement for the purpose of Section 10.01(c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Financing Agreement for the purpose of Section 8.06(f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Financing Agreement for the purpose of Section 8.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Section 3.10.
- 5. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", in effect on the date of the Financing Agreement.
- 6. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Association, which, upon the Conversion, becomes the Credit Currency.
- 7. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 9.03.
- 8. "Association" means the International Development Association.
- 9. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Credit Balance, a Currency Conversion from the Credit Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Credit from the Credit Account.
- 10. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either (i) the initial Reference Rate component of the interest rate for a Credit based on a Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Credit with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Credit withdrawn from the Credit Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Financing Agreement or in a separate request from the Recipient.

- 11. "Bank" means the International Bank for Reconstruction and Development.
- 12. "Closing Date" means the date specified in the Financing Agreement (or such otherdate as the Association shall establish, upon a request from the Recipient, by notice to the Recipient) after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Financing Account.
- 13. "Co-financier" means the financier (other than the Association or the Bank) referred to in Section 8.02 (h) providing the Co-financing. If the Financing Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 14. "Co-financing" means the financing referred to in Section 8.02 (h) and specified in the Financing Agreement provided or to be provided for the Project by the Co-financier. If the Financing Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 15. "Co-financing Agreement" means the agreement referred to in Section 8.02 (h) providing for the Co-financing.
- 16. "Co-financing Deadline" means the date referred to in Section 8.02 (h) (i) and specified in the Financing Agreement by which the Co-financing Agreement is to become effective. If the Financing Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 17. "Commitment Charge" means the commitment charge payable by the Recipient on the Unwithdrawn Financing Balance pursuant to Section 3.02 or Section 3.08 (d), as applicable. If the Financing includes a Credit and a Grant, "Commitment Charge" refers separately to the commitment charge on the Unwithdrawn Credit Balance and the commitment charge on the Unwithdrawn Grant Balance.
- 18. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Credit by the Association and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 19. "Concessional Financing" means any Financing not explicitly designated as Non-concessional Financing in the Financing Agreement.
- 20. "Conversion" means any of the following modifications of the terms of all or any

portion of the Non-concessional Financing that has been requested by the Recipient and accepted by the Association: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Financing Agreement and in the Conversion Guidelines.

- 21. "Conversion Date" means, for a Conversion, such date as the Association shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Financing Agreement provides for Automatic Conversions to Local Currency, the Conversion Date shall be the date of withdrawal from the Credit Account of the amount in respect of which the Conversion has been requested.
- 22. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association and in effect at the time of the Conversion.
- 23. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 24. "Counterparty" means a party with which the Association enters into a derivatives transaction in order to effect a Conversion.
- 25. "Credit" means the portion of the Financing specified in the Financing Agreement as a credit, and which is repayable pursuant to the provisions of the Financing Agreement; it being understood that, when "Credit" is used in Specific Provisions, the terms "Financing" shall be replaced in the foregoing sentence by "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions.
- 26. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Recipient.
- 27. "Credit Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Credit is credited.
- 28. "Credit Currency" means the Currency in which the Credit is denominated; provided that if the Financing Agreement provides for Conversions, "Credit Currency" means the Currency in which the Credit is denominated from time to time. If the Credit is denominated in more than one currency, "Credit Currency"

- refers separately to each of such Currencies.
- 29. "Currency" means the currency of a country and the Special Drawing Right. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 30. "Currency Conversion" means a change of the Credit Currency of all or any amount of the Unwithdrawn Credit Balance or the Withdrawn Credit Balance to an Approved Currency.
- 31. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 32. "Currency Hedge Notes Transaction" means one or more notes issues by the Association and denominated in an Approved Currency on such terms as may be agreed between the Recipient and the Association, for purposes of executing a Currency Conversion.
- 33. "Currency Hedge Swap Transaction" means one or more Currency swap transactions entered into by the Association with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.
- 34. "Default Interest Period" means for any overdue amount of the Withdrawn Credit Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
- 35. "Default Interest Rate" means for any Default Interest Period:
 - (a) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and
 - (b) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).
- 36. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which

- the amount referred to in Section 3.09(e) first becomes overdue.
- 37. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that:
 - (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.09(e) first becomes overdue; and
 - (b) for an amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 38. "Derivatives Agreement" means any derivatives agreement between the Association and the Recipient (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Association and the Recipient (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 39. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Credit withdrawn from the Credit Account during such Interest Period referred to in Section 3.11(a).
- 40. "Disbursement-Linked Amortization Schedule means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 41. "Disbursement and Financial Reporting Letter" means the letter transmitted by the Association to the Recipient as part of the additional instructions to be issued under Section 2.01(b).
- 42. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 43. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 10.03(a).
- 44. "Effectiveness Deadline" means the date referred to in Section 10.04 after which the Legal Agreements shall terminate if they have not entered into effect as

- provided in that Section.
- 45. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.
- 46. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic documents, acceptable to the Association and in accordance with any such additional instructions as the Association may specify from time to time by notice to the Recipient.
- 47. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 48. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Association.
- 49. "Eligible Expenditure" means an expenditure which meets the requirements of Section 2.05.
- 50. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.
- 51. "Euro', '€' and 'EUR'" each means the lawful currency of the member states of the Euro Area.
- 52. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- 53. "Execution Date" means, for a Conversion, the date on which the Association has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Association.
- 54. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal

financial center of the relevant member state in the Euro Area.

- 55. "Financial Statements" means the financial statements to be maintained for the Project as provided in Section 5.09.
- 56. "Financing" means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant; it being understood that, except when "Financing" is used in Specific Provisions where it shall mean either "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions, "Financing" means both Concessional Financing and Non-Concessional Financing.
- 57. "Financing Account" means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.
- 58. "Financing Agreement" means the financing agreement between the Recipient and the Association providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.
- 59. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Recipient, and any premium payable upon and any refund of the Withdrawn Grant Balance payable by the Recipient, as applicable.
- 60. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Credit to which a Conversion applies, as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 61. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Credit to which a Conversion applies, as determined by the Association in accordance with the Conversion Guidelines and

- notified to the Recipient pursuant to Section 4.02 (c).
- 62. "Fixed Spread" means the Association's fixed spread for the initial Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.09(e), that is applicable to an amount of the Withdrawn Credit Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Association's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.03, "Fixed Spread" means the Association's fixed spread for the Credit Currency as reasonably determined by the Association on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.
- 63. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.08(a).
- 64. "Grant" means the portion of the Financing specified in the Financing Agreement as a grant.
- 65. "Grant Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Grant is credited.
- 66. "Installment Share" means the percentage of the total principal amount of the Financing payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 67. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.04 or Section 3.09.
- 68. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Association with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.
- 69. "Interest Period" means the initial period from and including the date of the Financing Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.

- 70. "Interest Rate Cap" means, with respect to all or any amount of the Withdrawn Credit Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 71. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Credit Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 72. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Credit Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 73. "Legal Agreement" means the Financing Agreement, the Project Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 74. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Credit Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 75. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 76. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Association.
- 77. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.

- 78. "Maximum Commitment Charge Rate" means the maximum rate specified in the Financing Agreement at which the Association may set the Commitment Charge pursuant to Section 3.02.
- 79. "Member Country" means the member of the Association which is the Recipient or the guarantor.
- 80. "Non-concessional Financing" means any Financing deemed by the Association to be on non-concessional terms, as more particularly specified in the Financing Agreement.
- 81. "Original Credit Currency" means the currency of denomination of the Credit as defined in Section 3.19(a).
- 82. "Payment Currency" means: (i) for Credits and Grants denominated in SDR, the Currency specified in the Financing Agreement; and (ii) for all other Credits, the Credit Currency.
- 83. "Payment Date" means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges, Interest Charges or Commitment Charges are payable, as applicable.
- 84. "Preparation Advance" means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.
- 85. "Principal Payment Date" means each date specified in the Financing Agreement on which an installment of the principal amount of the Credit is payable.
- 86. "Procurement Plan" means the Recipient's procurement plan for the Project provided for under Section IV of the Procurement Regulations, as such plan may be updated from time to time with the Association's approval.
- 87. "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", in effect on the date of the Financing Agreement.
- 88. "Project" means the project described in the Financing Agreement, for which the Financing is extended, as the description of such project may be amended from time to time by agreement between the Recipient and the Association.
- 89. "Project Agreement" means the agreement between the Association and the Project Implementing Entity relating to the implementation of all or part of the Project, as such agreement may be amended from time to time. "Project

Agreement" includes these General Conditions as applied to the Project Agreement, and all appendices, schedules and agreements supplemental to the Project Agreement.

- 90. "Project Implementing Entity" means a legal entity (other than the Recipient) which is responsible for implementing all or a part of the Project and which is aparty to the Project Agreement or the Subsidiary Agreement.
- 91. "Project Implementing Entity's Representative" means the Project Implementing Entity's representative specified in the Project Agreement for the purpose of Section 11.02(a).
- 92. "Project Report" means each report on the Project to be prepared and furnished to the Association for the purpose of Section 5.08 (b).
- 93. "Public Assets" means assets of the Recipient, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.
- 94. "Recipient" means the member of the Association which is a party to the Financing Agreement and to which the Financing is extended.
- 95. "Recipient's Representative" means the representative of the Recipient specified in the Financing Agreement for the purpose of Section 11.02.
- 96. "Reference Rate" means, for any Interest Period:
 - (a) for USD, JPY and GBP, LIBOR for the relevant Credit Currency. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal London office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in the relevant Credit Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Credit Currency to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting

such rates, the Reference Rate for the relevant Credit Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;

- (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal Euro Area office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;
- (c) if the Association determines that LIBOR (in respect of USD, JPY, and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Association shall determine pursuant to Section 3.09(c); and
- (d) for any currency other than USD, EUR, JPY, or GBP: (i) such reference rate for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Association in accordance with the Conversion Guidelines and notice thereof given to the Recipient in accordance with Section 4.02 (c).

97. "Reference Rate Reset Date" means:

(a) for USD, JPY and GBP, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) London Banking Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Credit Balance to any of USD, JPY or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset

Date for the Approved Currency shall be the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the Conversion Date);

- (b) for EUR, the day two (2) TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) TARGET Settlement Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to EUR falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the Conversion Date);
- (c) if, for a Currency Conversion to an Approved Currency, the Association determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or as agreed by the Association and the Recipient, for such Conversion; and
- (d) for any currency other than USD, EUR, JPY and GBP: (i) such day for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Association and notice thereof given to the Recipient in accordance with Section 4.02 (c).
- 98. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Association as the page for the purpose of displaying the Reference Rate for deposits in the Credit Currency.
- 99. "Respective Part of the Project" means, for the Recipient and for any Project Implementing Entity, the part of the Project specified in the Legal Agreements to be carried out by it.

- 100. "Screen Rate" means with respect to a Conversion, such rate as determined by the Association on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines
- 101. "Service Charge" means the charge specified in the Financing Agreement for the purpose of Section 3.03.
- 102. "Special Commitment" means any special commitment entered into or to be entered into by the Association pursuant to Section 2.02.
- 103. "Special Drawing Right" and "SDR" each means the special drawing right of the International Monetary Fund as valued by it in accordance with its Articles of Agreement.
- 104. "Specific Provision" has the meaning defined in Section 1.01(b) above.
- 105. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.
- 106. "Subsidiary Agreement" means the agreement that the Recipient enters into with the Project Implementing Entity setting forth the respective obligations of the Recipient and the Project Implementing Entity with respect to the Project.
- 107. "Substitute Credit Currency" means the substitute currency of denomination of a Credit referred as defined in Section 3.19(a).
- 108. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.
- 109. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Legal Agreement or imposed after that date.
- 110. "Umpire" means the third arbitrator appointed pursuant to Section 9.03 (c).
- 111. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Recipient to the Association equal to the net aggregate amount payable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by

the Association to the Recipient equal to the net aggregate amount receivable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.

- 112. "Variable Rate" means (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Credit Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread, and (b) in case of a Conversion, such variable rate as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- "Variable Spread" means, for each Interest Period: (a)(1) the Association's standard lending spread for Credits in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Association's outstanding borrowings or portions thereof allocated by it to fund credits that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Association and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Association in accordance with Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c). In the case of a Credit denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 114. "Unwithdrawn Credit Balance" means the amount of the Credit remaining unwithdrawn from the Credit Account from time to time.
- 115. "Unwithdrawn Financing Balance" means the amount of the Financing remaining unwithdrawn from the Financing Account from time to time.
- 116. "Unwithdrawn Grant Balance" means the amount of the Grant remaining unwithdrawn from the Grant Account from time to time.
- 117. "Withdrawn Credit Balance" means the amounts of the Credit withdrawn from the Credit Account and outstanding from time to time.
- 118. "Withdrawn Grant Balance" means the amounts of the Grant withdrawn from the Grant Account and outstanding from time to time.

- 119. "World Bank Disbursement Guidelines for Projects" means the World Bank guidelines, as revised from time to time, and issued as part of the additional instructions under Section 2.01 (b).
- 120. "Yen", "\tilde{Y}" and "JPY" each means the lawful currency of Japan.



General Conditions for IDA Financing: Development Policy Financing

International Development Association

General Conditions for IDA Financing

Development Policy Financing

Dated July ___, 2017

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ARTICLE I Introductory Provisions

Section 1.01 Application of General Conditions

- (a) These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If there is no Program Agreement between the Association and a Program Implementing Entity or Subsidiary Agreement between the Recipient and the Program Implementing Entity, references in these General Conditions to the Program Implementing Entity, the Program Agreement or the Subsidiary Agreement shall be disregarded.
- (b) The provisions contained herein shall apply to both Concessional Financing and Non-concessional Financing, unless a particular Section or an Article included in these General Conditions explicitly provides that it shall solely apply to Concessional Financing or Non-concessional Financing, as applicable (a "Specific Provision"). In the event a Specific Provision is inconsistent, contrary or irreconcilable with other provisions of these General Conditions, such Specific Provision shall prevail.

Section 1.02 Inconsistency with Legal Agreements

If any provision of the Financing Agreement or the Program Agreement is inconsistent with a provision of these General Conditions, the provision of the Financing Agreement or the Program Agreement shall prevail.

Section 1.03 Definitions

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04 References, Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01 Financing Account, Withdrawals Generally, Currency of Withdrawal

- (a) The Association shall credit the amount of the Financing to the Financing Account in Special Drawing Rights ("SDR") or, as the Association may reasonably determine, in any other Currency.
- (b) The Recipient may from time to time request withdrawals of Financing amounts from the Financing Account in accordance with the provisions of the Financing Agreement, and such

additional instructions as the Association may specify from time to time by notice to the Recipient.

(c) The Association shall, at the request and acting as an agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase with the Currency withdrawn from the Financing Account such Currencies as the Recipient shall request pursuant to Section 2.01(b). In the event the amount of the Financing has been credited to the Financing Account in Special Drawing Rights, the amount of each withdrawal from the Financing Account shall be calculated as the equivalent in terms of Special Drawing Rights (determined as of the date of withdrawal) of the Currency or Currencies so requested.

Section 2.02 Applications for Withdrawal

- (f) When the Recipient wishes to request a withdrawal from the Financing Account, the Recipient shall promptly deliver to the Association a written application in such form and substance as the Association shall reasonably request.
- (g) The Recipient shall furnish to the Association evidence satisfactory to the Association of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (h) The Recipient shall furnish to the Association such documents and other evidence in support of each such application as the Association shall reasonably request, whether before or after the Association has permitted any withdrawal requested in the application.
- (i) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw from the Financing Account the amount applied for and that the amount to be withdrawn from the Financing Account shall be used only for the purposes specified in the Financing Agreement.
- (j) The Association shall pay the amounts withdrawn by the Recipient from the Financing Account only to, or on the order of, the Recipient.

Section 2.03 Deposit of Financing Amounts

- (a) Except as the Association may otherwise agree, all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association.
- (b) Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

Section 2.04 Eligible Expenditures and Excluded Expenditures

The Financing proceeds may be used for any Eligible Expenditures, but the Recipient undertakes to ensure that these proceeds shall not be used for Excluded Expenditures.

Section 2.05 Refinancing Preparation Advance; Service, Interest, and Other Charges

- (a) If the Recipient requests the repayment out of the proceeds of the Financing of an advance be made by the Bank or the Association ("Preparation Advance") and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, and shall cancel the remaining unwithdrawn amount of the advance.
- (b) If the Recipient requests that the Service Charge, Interest Charge, Commitment Charge, or other charges on the Credit, as applicable, be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Financing Agreement on the amount to be so withdrawn.

Section 2.06 Allocation of Financing Amounts

If the Association reasonably determines that in order to meet the purposes of the Financing it is appropriate to reallocate Financing amounts among withdrawal categories or modify the existing withdrawal categories, the Association may, after consultation with the Recipient, make such modifications, and shall notify the Recipient accordingly.

ARTICLE III Financing Terms

This Article III is divided into Part A, with Financing Terms applicable to Concessional Financing only, Part B, with Financing Terms applicable to Non-concessional Financing only, and Part C, with Financing Terms applicable to both Concessional Financing and Non-concessional Financing.

Part A. Financing Terms Applicable to Concessional Financing Only

Section 3.01 Application of Part A to Article III

The provisions of Part A to this Article III shall apply solely to Concessional Financing.

Section 3.02 Commitment Charge

(a) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Financing Balance at the rate set by the Association as of June 30 of each year ("Commitment Charge"), which shall not exceed the rate specified in the Financing Agreement ("Maximum

Commitment Charge Rate").

- (b) The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account, or cancelled. The Commitment Charge shall accrue at the rate set as of June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. Except as otherwise provided in Section 2.07(b), the Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30- day months.
- (c) The Association shall notify the Recipient of the applicable Commitment Charge promptly upon its determination.

Section 3.03 Service Charge

The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The service charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04 Interest Charge

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.05 Repayment of the Credit

(a) Repayment Generally. Subject to the provisions of paragraph (b) of this Section, the Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement.

(b) Accelerated Repayment.

(i) The Association may modify the repayment of installments of the Withdrawn Credit Balance as provided in the Financing Agreement in accordance with sub-paragraph (ii) or (iii) of this paragraph whenever all of the following events have occurred: (A) the Recipient's per capita gross national income, as determined by the Association, has exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; (B) the Bank considers the Recipient creditworthy for Bank lending; and (C) after due consideration of the development of the Recipient's economy, the Executive Directors of the

Association have reviewed and approved such modification.

- (ii) The Association shall, upon the occurrence of the events referred to in paragraph (b) (i) of this Section: (A) require the Recipient to repay twice the amount of each installment of the Withdrawn Credit Balance not yet due until the Credit has been fully repaid; and (B) require the Recipient to commence such repayment as of the first semi-annual Principal Payment Date falling six (6) months or more after the date on which the Association notifies the Recipient that such events have occurred; provided, however, that there shall be a grace period of a minimum of five (5) years on such repayment.
- (iii) Alternatively, if so requested by the Recipient, the Association may revise the terms specified in sub-paragraph (ii) of this Section 3.05 (b) to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the Withdrawn Credit Balance; provided that, in the judgment of the Association, such revision shall not change the grant element provided under such terms.
- (iv) If, at any time after the repayment terms have been modified pursuant to sub-paragraph (i) of this Section, the Association determines that the Recipient's economic condition has deteriorated significantly, the Association may, if so requested by the Recipient, further revise the terms of repayment of the Withdrawn Credit Balance to conform to the schedule of installments originally provided in the Financing Agreement, taking into account any repayments already made by the Recipient.

Section 3.06 Prepayment

The Recipient may repay the Association in advance of maturity of all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient.

Part B. Financing Terms Applicable to Non-concessional Financing Only

Section 3.07 Application of Part B to Article III

The provisions of Part B to this Article III shall apply solely to Non-concessional Financing.

Section 3.08 Front-end Fee; Commitment Charge

- (a) The Recipient shall pay the Association a Front-end Fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee"). Except as otherwise provided in Section 3.08(b), the Recipient shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) If the Recipient requests that the Front-end Fee be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself such fee.

- (c) No withdrawal of any Credit amount from the Credit Account shall be made (other than to repay the Preparation Advance) until the Association has received from the Recipient payment in full of the Front-end Fee.
- (d) The Recipient shall pay the Association a Commitment Charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. Except as otherwise provided in Section 2.07 (b), the Recipient shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.09 Interest Charge

- (a) The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement; provided, however, that the interest rate applicable to any interest period payable shall in no event be less than zero percent (0%) per annum; and provided further that, if the Financing Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day-count convention reasonably determined by the Association.
- (b) If interest on any amount of the Withdrawn Credit Balance is based on a Variable Spread, the Association shall notify the Recipient of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Credit is based on LIBOR or EURIBOR, and the Association determines that such Reference Rate has permanently ceased to be quoted for the relevant Credit Currency, the Association shall apply such other comparable Reference Rate for such Credit Currency as it may reasonably determine. The Association shall promptly notify the Recipient of such other rate.
- (d) If interest on any amount of the Withdrawn Credit Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Association determines that it is in the interest of its borrowers as a whole and of the Association to apply a basis for determining such interest rate other than as provided in the Financing Agreement, the Association may modify the basis for determining such interest rate upon not less than three (3) months' notice to the Recipient of the new basis. The new basis shall become effective on the expiry of the notice period unless the Recipient notifies the Association during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Credit.
- (e) Notwithstanding the provisions of Section 3.09 (a), if any amount of the Withdrawn Credit Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Financing Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully

paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.10 Repayment of the Credit

- (a) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement, and if applicable, as further provided in paragraphs (b), (c), (d) and (e) of this Section 3.10. The Withdrawn Credit Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.
- (b) For Credits with a Commitment-linked Amortization Schedule:

The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement provided that:

- (i) If the proceeds of the Credit have been fully withdrawn as of the first Principal Payment Date specified in the Financing Agreement, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined by the Association by multiplying: (x) the Withdrawn Credit Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Financing Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).
- (ii) If the proceeds of the Credit have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Credit have been withdrawn as of the first Principal Payment Date, the Recipient shall repay the Withdrawn Credit Balance as of such date in accordance with the Amortization Schedule under the Financing Agreement.
 - (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Association by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Financing Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).

(iii)

- (A) Amounts of the Credit withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (B) Notwithstanding the provisions of this paragraph, if at any time the Association adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- (c) For Credits with Disbursement-linked Amortization Schedule:
 - (iii) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement.
 - (iv) The Association shall notify the Recipient of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
- (d) If the Withdrawn Credit Balance is denominated in more than one Credit Currency, the provisions of the Financing Agreement and this Section 3.10 shall apply separately to the amount denominated in each Credit Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the Amortization Schedule in the Financing Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Credit Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Association in accordance with the Conversion Guidelines.

Section 3.11 Prepayment

(a) After giving not less than forty-five (45) days' notice to the Association, the Recipient may repay the Association the following amounts in advance of maturity, as of a date acceptable to the Association (provided that the Recipient has paid all Financing Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Credit Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Credit. Any partial prepayment of the Withdrawn Credit Balance shall be applied in the manner specified by the Recipient, or in the absence of any specification by the Recipient, in the following manner: (A) if the Financing Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Credit, the

prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Credit maturities, with the latest maturity being repaid first.

- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Association to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Credit to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Recipient shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of prepayment; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.
- (d) Notwithstanding Section 3.11 (a) above and unless the Association agrees otherwise, the Recipient may not prepay in advance of maturity any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Part C. Financing Terms Applicable to Both Concessional Financing and

Non-concessional Financing

Section 3.12 Application of Part C to Article III

The provisions of Part C to this Article III shall solely apply to both Concessional Financing and Non-concessional Financing.

Section 3.13 Partial Payment

If the Association at any time receives less than the full amount of any Financing Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Financing Agreement as it determines in its sole discretion.

Section 3.14 Place of Payment

All Financing Payments shall be paid at such places as the Association shall reasonably request.

Section 3.15 Currency of Payment

(a) The Recipient shall pay all Financing Payments in the Payment Currency, and if a

Conversion has been effected in respect of any amount of a Credit qualifying as Non-concessional Financing, as further specified in the Conversion Guidelines.

(b) If the Recipient so requests, and the Association agrees to such a request, the Association shall, acting as agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase the Payment Currency for the purpose of paying a Financing Payment upon timely payment by the Recipient of sufficient funds for that purpose in a Currency or Currencies acceptable to the Association; provided, however, that the Financing Payment shall be deemed to have been paid only when, and to the extent that the Association has received such payment in the Payment Currency.

Section 3.16 Amount of Repayment

Where the Credit is denominated in SDR, and in accordance with Section 2.01(a), the Withdrawn Credit Balance repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the Currency or Currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.

Section 3.17 Valuation of Currencies

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Association.

Section 3.18 *Manner of Payment*

- (a) Any Financing Payment required to be paid to the Association in the Currency of any country shall be paid in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Association with a depository of the Association authorized to accept deposits in such Currency.
- (b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Recipient.
- (c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Recipient, or in connection with their execution, delivery or registration.

Section 3.19 Temporary Currency Substitution

(a) If the Association reasonably determines that an extraordinary situation has arisen under which the Association shall be unable to provide the Credit Currency at any time for purposes of funding the Credit, the Bank may provide such substitute Currency or Currencies ("Substitute Credit Currency") for the Credit Currency ("Original Credit Currency") as the Association shall select. During the period of such extraordinary situation: (i) the Substitute Credit Currency shall be deemed to be the Credit Currency for purposes of the Legal Agreements; and (ii) Financing

Payments shall be paid in the Substitute Credit Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Association. The Association shall promptly notify the parties of the occurrence of such extraordinary situation, the Substitute Credit Currency and the financial terms of the Credit related to the Substitute Credit Currency.

- (b) Upon notification by the Association under paragraph (a) of this Section, the Recipient may within thirty (30) days thereafter notify the Association of its selection of another Currency acceptable to the Association as the Substitute Credit Currency. In such case, the Association shall notify the Recipient of the financial terms of the Credit applicable to said Substitute Credit Currency, which shall be determined in accordance with principles reasonably established by the Association.
- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Credit.
- (d) Once the Association is again able to provide the Original Credit Currency, it shall, at the Recipient's request, change the Substitute Credit Currency to the Original Credit Currency in accordance with principles reasonably established by the Association.

ARTICLE IV Conversions of Financing Terms

Section 4.01 Application of Article IV

The provisions of this Article IV shall apply solely to Non-concessional Financing.

Section 4.02 Conversions Generally

- (a) The Recipient may, at any time, request a Conversion of the terms of the Non-concessional Financing in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Recipient to the Association in accordance with the Conversion Guidelines and, upon acceptance by the Association, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.02 (e) below, the Recipient may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Association and the Recipient.
- (c) Upon acceptance by the Association of a request for a Conversion, the Association shall take all actions necessary to effect the Conversion in accordance with the Financing Agreement

and the Conversion Guidelines. To the extent any modification of the provisions of the Financing Agreement providing for withdrawal or repayment of the proceeds of the Credit is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Association shall notify the Recipient of the financial terms of the Credit, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Credit.

- (d) The Recipient shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of the Association's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.
- (e) Except as otherwise agreed by the Association, the Recipient may not request additional Conversions of any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Association and the Recipient and may include transaction fees to cover the underwriting cost of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.03 Conversion to a Fixed Rate or Fixed Spread of Credit that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Credit that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Credit Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Recipient.

Section 4.04 Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) Interest Rate Conversion. Upon an Interest Rate Conversion, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.
- (c) Currency Conversion of Withdrawn Amounts. Upon a Currency Conversion of all or any amount of the Withdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved

Currency in accordance with the Conversion Guidelines on such Withdrawn Credit Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.05 Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Recipient shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Financing Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of an amount of the Withdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Association under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Association so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Recipient shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Financing Agreement.
- (c) Termination of Conversion Period prior to Final Credit Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Credit terminates prior to the final maturity of such portion, the principal amount of such portion of the Credit remaining outstanding in the Credit Currency to which such amount shall revert upon such termination shall be determined by the Association either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Credit Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Recipient shall repay such principal amount in the Credit Currency in accordance with the provisions of the Financing Agreement.

Section 4.06 Interest Rate Cap; Interest Rate Collar

(a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.

- (b) Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.
- (c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Recipient shall pay to the Association a premium on the amount of the Withdrawn Credit Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Association for an interest rate cap or collar purchased by the Association from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Recipient not later than sixty (60) days after the Execution Date; (ii) promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Recipient has requested that the premium be paid out of the proceeds of the Credit, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Financing Agreement.

Section 4.07 Early Termination

- (a) The Association shall have the right to terminate any Conversion effected on such Credit during any period of time in which the Default Interest Rate accrues on the Credit as provided in Section 3.09 (e).
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Association as provided in Section 4.07(a) or the Recipient: (i) the Recipient shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of early termination; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V The Program

Section 5.01 Performance under the Financing Agreement, Program Agreement and Subsidiary Agreement

The Recipient shall: (a) cause the Program Implementing Entity to perform all of the obligations of the Program Implementing Entity set forth in the Program Agreement or the Subsidiary Agreement in accordance with the provisions of the Program Agreement or Subsidiary Agreement; and (b) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.02 Provision of Funds and other Resources

The Recipient shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Program; and (b) necessary or appropriate to enable the Program Implementing Entity to perform its obligations under the Program Agreement or the Subsidiary Agreement.

Section 5.03 Records

The Recipient and the Program Implementing Entity shall retain all relevant documentation evidencing expenditures made from the Financing proceeds until two (2) years after the Closing Date. Upon the Association's request, the Recipient and the Program Implementing Entity shall enable the Association's representatives to examine such records.

Section 5.04 Program Monitoring and Evaluation

- (a) The Recipient shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the progress of the Program and the achievement of its objectives.
- (b) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than twelve (12) months after the Closing Date a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.

Section 5.05 Cooperation and Consultation

The Recipient and the Association shall cooperate fully to assure that the purposes of the Financing and the objectives of the Program will be accomplished. To that end, the Recipient and the Association shall:

(a) from time to time, at the request of either one of them, exchange views on the Program, the Financing, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall

reasonably request; and

(b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.06 Visits

- (a) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Financing or the Program.
- (b) The Recipient and the Program Implementing Entity shall enable the Association's representatives: (i) to visit any facilities and construction sites included in their Respective Parts of the Program; and (ii) to examine the goods financed out of the proceeds of the Financing for their Respective Parts of the Program, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.07 Disputed Area

In the event that the Program is in an area which is or becomes disputed, neither the Association's financing of the Program, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Association as to the legal or other status of such area, or to prejudice the determination of any claims with respect to such area.

ARTICLE VI Financial and Economic Data; Financial Condition

Section 6.01 Financial and Economic Data

- (a) The Member Country shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- (b) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 ("DRSM"), as may be revised from time to time), in accordance with the DRSM, and in particular, to notify the Association of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.

- (c) If the Association has notified the Recipient that the Recipient is subject to its policies on non-concessional borrowing, the Recipient shall: (i) notify the Association at least three (3) months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the Association reasonable opportunity to exchange views with the Recipient on the matter. For purposes of this paragraph, "non-concessional long-term external debt" means any long-term external debt (as defined in DRSM), but excluding private debt (as so defined), with an estimated grant element calculated in the manner published from time to time by the Association.
- (d) The Recipient represents, as at the date of the Financing Agreement, that no defaults exist in respect of any "external debt" (as defined in the DRSM), except those listed in a notification from the Recipient to the Association.

Section 6.02 Financial Condition

If the Association has determined that the financial condition of a Financing recipient, which is not a member country, or the Program Implementing Entity, is a material factor in the Association's decision to lend, the Association shall have the right, as a condition to lend, to require that such recipient or Program Implementing Entity provides the Association with representations and warranties related to its financial and operating conditions, satisfactory to the Association.

ARTICLE VII Negative Pledge

Section 7.01 Application of Article VII

The provisions of this Article VII shall apply solely to Non-concessional Financing.

Section 7.02 Negative Pledge

(a) It is the policy of the Association, in providing Credits to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its Credits in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Association shall otherwise agree, *ipso facto* and at no cost to the Association, equally and ratably secure all Financing Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly, and at no cost to the Association, secure all Financing Payments by an equivalent Lien on other Public Assets satisfactory to the Association.

- (b) The party to the Financing Agreement which is not a Member Country undertakes that, except as the Association shall otherwise agree:
 - (iii) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Financing Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Association; and
 - (iv) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Association, an equivalent Lien satisfactory to the Association to secure the payment of all Financing Payments.
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.
- (d) The Member Country represents, as of the date of the Financing Agreement, that no Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Association and those excluded pursuant to paragraph (c) of this Section 7.02.
- (e) Solely for the purposes of interpreting this Article VII, "Financing Payment" means any amount: (i) payable by the Member Country to the Association; or (ii) payable by the party to the Financing Agreement which is not a Member Country, to the Association; pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by such party, as applicable; provided that no amount referred to in this Section 7.02(e) shall be an amount payable in respect of Concessional Financing.
- (f) [Solely for the purposes of this Article VII, "Financing Agreement" means the financing agreement between: (i) the Recipient and the Association; or (ii) another party and the Association; providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.

ARTICLE VIII Cancellation; Suspension; Grant and Credit Refund; Acceleration

Section 8.01 Cancellation by the Recipient

The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.

Section 8.02 Suspension by the Association

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored.

(a) Payment Failure. The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges, interest charges, or any other amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient.

(b) *Performance Failure*.

- (iii) The Recipient has failed to perform any other obligation under the Financing Agreement, or to the extent applicable, under any Derivatives Agreement.
- (iv) The Program Implementing Entity has failed to perform any obligation under the Program Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Association determines that any representative of the Recipient or the Program Implementing Entity, or any other recipient of any of the proceeds of the Financing, has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Financing, without the Recipient or the Program Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

(d) Cross Suspension.

- (iii) The Association or the Bank has suspended in whole, or in part, the right of the Recipient to make withdrawals under any agreement with the Association or with the Bank because of a failure by the Recipient to perform any of its obligations under such agreement or any other agreement with the Association.
- (iv) The Bank has suspended in whole, or in part, the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement or any other agreement with the Bank.

- (e) Extraordinary Situation; Program. As a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation has arisen which makes it improbable that the Program can be carried out, or that the Recipient or the Program Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.
- (f) Event prior to Effectiveness. The Association has determined after the Effective Date that prior to such date, but after the date of the Financing Agreement, an event has occurred which would have entitled the Association to suspend the Recipient's right to make withdrawals from the Financing Account if the Financing Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by the Recipient in or pursuant to the Financing Agreement, or any representation or statement furnished by the Recipient and intended to be relied upon by the Association in making the Financing, was incorrect in any material respect.
- (h) *Co-financing*. Any of the following events occurs with respect to any financing specified in the Financing Agreement to be provided for the Program ("Co-financing") by a financier (other than the Association or the Bank) ("Co-financier"):
 - (iv) If the Financing Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Association has established by notice to the Recipient ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that adequate funds for the Program are available from other sources on terms and conditions consistent with its obligations under the Financing Agreement.
 - (v) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (vi) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Program are available from other sources on terms and conditions consistent with the Recipient's obligations under the Financing Agreement.
- (i) Assignment of Obligations; Disposition of Assets. The Recipient or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program), has, without the consent of the Association: (i) assigned or transferred, in wholeor in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in

part out of the proceeds of the Financing; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Association: (A) do not materially and adversely affect the ability of the Recipient or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Program; and (B) do not materially and adversely affect the financial condition or operation of the Program Implementing Entity (or such other entity).

- (j) Membership. The Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Program Implementing Entity.
 - (i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program).
 - (ii) The Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has ceased to exist in the same legal form as that prevailing as of the date of the Financing Agreement.
 - (iii) In the opinion of the Association, the legal character, ownership or control of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Recipient or of the Program Implementing Entity (or such other entity) to perform any ofits obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Program.
- (1) Ineligibility. The Association or the Bank has declared the Program Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Program Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.
- (m) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 8.03 Cancellation by the Association

If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Financing Balance, the Association may, by notice to the Recipient, terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Financing shall be cancelled.

- (a) Suspension. The right of the Recipient to make withdrawals from the Financing Account has been suspended with respect to any amount of the Financing for a continuous period of thirty (30) days.
- (b) Amounts not Required. At any time, the Association determines, after consultation with the Recipient, that an amount of the Financing will not be required to finance Eligible Expenditures.
- (c) Fraud and Corruption. At any time, the Association determines, with respect to any amount of the proceeds of the Financing, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Program Implementing Entity (or other recipient of the proceeds of the Financing) without the Recipient or the Program Implementing Entity (or other recipient of the proceeds of the Financing) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- (d) Closing Date. After the Closing Date, there remains an Unwithdrawn Financing Balance.

Section 8.04 Application of Cancelled Amounts to Maturities of the Credit

Except as the Recipient and the Association shall otherwise agree, any cancelled amount of the Credit shall be applied *pro rata* to the installments of the principal amount of the Credit falling due after the date of such cancellation.

Section 8.05 Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Credit Balance as at the date of such notice to be due and payable immediately together with any other Financing Payments due under the Financing Agreement. Upon any such declaration, such Withdrawn Credit Balance and Financing Payments shall become immediately due and payable.

- (a) Payment Default. A default has occurred in the payment by the Recipient of any amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient; and such default continues in each case for a period of thirty (30) days.
- (b) *Performance Default.*

- (i) A default has occurred in the performance by the Recipient of any other obligation under the Financing Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Recipient.
- (ii) A default has occurred in the performance by the Program Implementing Entity of any obligation under the Program Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Program Implementing Entity and the Recipient.
- (c) *Co-financing*. The event specified in sub-paragraph (h)(ii)(B) of Section 8.02 has occurred, subject to the provisions of sub-paragraph (h)(iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 8.02 has occurred.
- (e) Condition of Program Implementing Entity. Any event specified in sub-paragraph (k)(i), (k)(ii), or (k)(iii) of Section 8.02 has occurred.
- (f) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Financing Agreement ("Additional Event of Acceleration").

Section 8.06 Grant or Credit Refund

- (a) If the Association determines that an amount of the Withdrawn Grant Balance or Withdrawn Credit Balance, as applicable, has been used in a manner inconsistent with the provisions of the Legal Agreement, the Recipient shall, upon notice by the Association to the Recipient, promptly refund such amount to the Association. Such inconsistent use shall include, without limitation:
 - (i) use of such amount to make a payment for any Excluded Expenditure; or
 - (ii) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount.
- (b) Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
- (c) If any notice of refund is given pursuant to Section 8.07 (a) during the Conversion Period for any Conversion applicable to a Credit: (i) the Recipient shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (ii) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the

Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the date of the refund.

Section 8.07 Acceleration during a Conversion Period

If the Financing Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 8.06 during the Conversion Period for any Conversion applicable to a Credit: (a) the Recipient shall pay a transaction fee in respect of any early termination of the Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (b) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the effective date of the acceleration.

Section 8.08 Effectiveness of Provisions after Cancellation, Suspension, Refund or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

ARTICLE IX Enforceability; Arbitration

Section 9.01 Enforceability

The rights and obligations of the Recipient and the Association under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 9.02 Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 9.03 Arbitration

(a) Any controversy between the parties to the Financing Agreement and any claim by

either such party against the other arising under the Financing Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal ("Arbitral Tribunal") as hereinafter provided.

- (b) The parties to such arbitration shall be the Association and the Recipient.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Association; (ii) a second arbitrator shall be appointed by the Recipient; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either party fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.
- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.
- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Financing Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own

expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Financing Agreement, or of any claim by either party against the other party arising under the Financing Agreement.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, either party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against the other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Financing Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.
- (l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Financing Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE X Effectiveness; Termination

Section 10.01 Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Recipient and the Program Implementing Entity confirm, and the Association is satisfied, that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Recipient or the Program Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Association so requests, the condition of the Program Implementing Entity, as represented and warranted to the Association at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Financing Agreement as a condition of its effectiveness has occurred ("Additional Condition of Effectiveness").

Section 10.02 Legal Opinions or Certificates; Representation and Warranty

For the purpose of confirming that the conditions specified in paragraph (a) of Section 10.01 above have been met:

- (a) The Association may require an opinion or certificate satisfactory to the Association confirming: (i) on behalf of the Recipient or the Program Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party, and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Financing Agreement or reasonably requested by the Association in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Association does not require an opinion or certificate pursuant to Section 10.02 (a), by signing the Legal Agreement to which it is a party, the Recipient or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Recipient or the Program Implementing Entity shall notify the Association when such additional action has been taken. By providing such notification, the Recipient or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 10.03 Effective Date

- (a) Except as the Recipient and the Association shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Association dispatches to the Recipient and the Program Implementing Entity notice confirming it is satisfied that the conditions specified in Section 10.01 have been met ("Effective Date").
- (b) If, before the Effective Date, any event has occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Financing Account if the Financing Agreement had been effective, or the Association has determined that an extraordinary situation provided for under Section 3.19 (a) exists, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 10.04 Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Financing Agreement for the purpose of this Section, unless the Association, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Association shall promptly notify the Recipient and the Program Implementing Entity of such later Effectiveness Deadline.

Section 10.05 Termination of Legal Agreements on Performance of All Obligations

(a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Credit Balance and all other Financing

Payments due.

- (b) If the Financing Agreement specifies a date by which certain provisions of the Financing Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms.
- (c) If the Program Agreement specifies a date on which the Program Agreement shall terminate, the Program Agreement and all obligations of the parties under the Program Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms. The Association shall promptly notify the Program Implementing Entity if the Financing Agreement terminates in accordance with its terms prior to the date so specified in the Program Agreement.

ARTICLE XI Miscellaneous Provisions

Section 11.01 Execution of Legal Agreements; Notices and Requests

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 10.03(a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 11.02 Action on Behalf of the Recipient and the Program Implementing Entity

(a) The representative designated by the Recipient in the Financing Agreement (and the representative designated by the Program Implementing Entity in the Program Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such representative for that purpose, may take any action required or permitted to be taken pursuant to

such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement on behalf of the Recipient (or the Program Implementing Entity).

(b) The representative so designated by the Recipient or person so authorized by such representative may agree to any modification or amplification of the provisions of the Financing Agreement on behalf of the Recipient by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Financing Agreement. The Association may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 11.03 Evidence of Authority

The Recipient and the Program Implementing Entity shall furnish to the Association: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 11.01(b).

Section 11.04 Disclosure

The Association may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Financing Agreement for the purpose of Section 10.01(c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Financing Agreement for the purpose of Section 8.06(f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Financing Agreement for the purpose of Section 8.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Section 3.10.
- 5. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Association, which, upon the Conversion, becomes the Credit Currency.
- 6. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 9.03.
- 7. "Association" means the International Development Association.
- 8. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Credit Balance, a Currency Conversion from the Credit Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Credit from the Credit Account.
- 9. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either (i) the initial Reference Rate component of the interest rate for a Credit based on a Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Credit with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Credit withdrawn from the Credit Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Financing Agreement or in a separate request from the Recipient.
- 10. "Bank" means the International Bank for Reconstruction and Development.
- 11. "Closing Date" means the date specified in the Financing Agreement (or such otherdate as the Association shall establish, upon a request from the Recipient, by notice to the Recipient) after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Financing Account.

- 12. "Co-financier" means the financier (other than the Association or the Bank) referred to in Section 8.02 (h) providing the Co-financing. If the Financing Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 13. "Co-financing" means the financing referred to in Section 8.02(h) and specified in the Financing Agreement provided or to be provided for the Program by the Co-financier. If the Financing Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 14. "Co-financing Agreement" means the agreement referred to in Section 8.02 (h) providing for the Co-financing.
- 15. "Co-financing Deadline" means the date referred to in Section 8.02 (h) (i) and specified in the Financing Agreement by which the Co-financing Agreement is to become effective. If the Financing Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 16. "Commitment Charge" means the commitment charge payable by the Recipient on the Unwithdrawn Financing Balance pursuant to Section 3.02 or Section 3.08 (d), as applicable. If the Financing includes a Credit and a Grant, "Commitment Charge" refers separately to the commitment charge on the Unwithdrawn Credit Balance and the commitment charge on the Unwithdrawn Grant Balance.
- 17. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Credit by the Association and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 18. "Concessional Financing" means any Financing not explicitly designated as Non-concessional Financing in the Financing Agreement.
- 19. "Conversion" means any of the following modifications of the terms of all or any portion of the Non-concessional Financing that has been requested by the Recipient and accepted by the Association: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Financing Agreement and in the Conversion Guidelines.
- 20. "Conversion Date" means, for a Conversion, such date as the Association shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Financing Agreement provides for Automatic Conversions to Local Currency, the Conversion Date shall be the date of withdrawal from the Credit Account of the amount in respect of which the Conversion has been requested.

- 21. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association and in effect at the time of the Conversion.
- 22. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 23. "Counterparty" means a party with which the Association enters into a derivatives transaction in order to effect a Conversion.
- 24. "Credit" means the portion of the Financing specified in the Financing Agreement as a credit, and which is repayable pursuant to the provisions of the Financing Agreement; it being understood that, when "Credit" is used in Specific Provisions, the terms "Financing" shall be replaced in the foregoing sentence by "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions.
- 25. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Recipient.
- 26. "Credit Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Credit is credited.
- 27. "Credit Currency" means the Currency in which the Credit is denominated; provided that if the Financing Agreement provides for Conversions, "Credit Currency" means the Currency in which the Credit is denominated from time to time. If the Credit is denominated in more than one currency, "Credit Currency" refers separately to each of such Currencies.
- 28. "Currency" means the currency of a country and the Special Drawing Right. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 29. "Currency Conversion" means a change of the Credit Currency of all or any amount of the Unwithdrawn Credit Balance or the Withdrawn Credit Balance to an Approved Currency.
- 30. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 31. "Currency Hedge Notes Transaction" means one or more notes issues by the Association and denominated in an Approved Currency on such terms as may be agreed between the Recipient and the Association, for purposes of executing a

Currency Conversion.

- 32. "Currency Hedge Swap Transaction" means one or more Currency swap transactions entered into by the Association with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.
- 33. "Default Interest Period" means for any overdue amount of the Withdrawn Credit Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
- 34. "Default Interest Rate" means for any Default Interest Period:
 - (a) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and
 - (b) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).
- 35. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.09(e) first becomes overdue.
- 36. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that:
 - (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.09(e) first becomes overdue; and
 - (b) for an amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 37. "Derivatives Agreement" means any derivatives agreement between the Association and the Recipient (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Association and the Recipient (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes

- all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 38. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Credit withdrawn from the Credit Account during such Interest Period referred to in Section 3.11(a).
- 39. "Disbursement-Linked Amortization Schedule" means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 40. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 41. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 10.03(a).
- 42. "Effectiveness Deadline" means the date referred to in Section 10.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
- 43. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.
- 44. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic documents, acceptable to the Association and in accordance with any such additional instructions as the Association may specify from time to time by notice to the Recipient.
- 45. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 46. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Association.
- 47. "Eligible Expenditure" means any use to which the Financing is put in support of the Program, other than to finance Excluded Expenditures.
- 48. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.

- 49. "Euro', '€' and 'EUR'" each means the lawful currency of the member states of the Euro Area.
- 50. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- 51. "Execution Date" means, for a Conversion, the date on which the Association has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Association.
- 52. "Excluded Expenditure" means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not
		containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones,
		unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel
		elements (cartridges), non-irradiated, for
		nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group
		metals (except watches and watch cases)
		and goldsmiths' or silversmiths' wares
		(including set gems)
971		Gold, non-monetary (excluding gold ores
		and concentrates)

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party, and any other goods designated as environmentally hazardous by agreement between the Recipient and the Association;
- (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- 53. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal financial center of the relevant member state in the Euro Area.
- 54. "Financing" means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant; it being understood that, except when "Financing" is used in Specific Provisions where it shall mean either "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions, "Financing" means both Concessional Financing and Non-concessional Financing.
- 55. "Financing Account" means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.
- 56. "Financing Agreement" means the financing agreement between the Recipient and the Association providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.
- 57. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Recipient, and any premium payable upon and any refund of the Withdrawn Grant Balance payable

- by the Recipient, as applicable.
- 58. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Credit to which a Conversion applies, as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 59. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Credit to which a Conversion applies, as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 60. "Fixed Spread" means the Association's fixed spread for the initial Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.09(e), that is applicable to an amount of the Withdrawn Credit Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Association's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.03, "Fixed Spread" means the Association's fixed spread for the Credit Currency as reasonably determined by the Association on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.
- 61. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.08(a).
- 62. "Grant" means the portion of the Financing specified in the Financing Agreement as a grant.
- 63. "Grant Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Grant is credited.
- 64. "Installment Share" means the percentage of the total principal amount of the Financing payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 65. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.04 or Section 3.09.
- 66. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Association with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in

connection with the Interest Rate Conversion.

- 67. "Interest Period" means the initial period from and including the date of the Financing Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 68. "Interest Rate Cap" means, with respect to all or any amount of the Withdrawn Credit Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 69. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Credit Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 70. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Credit Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 71. "Legal Agreement" means the Financing Agreement, the Program Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 72. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Credit Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 73. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 74. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Association.
- 75. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.

- 76. "Maximum Commitment Charge Rate" means the maximum rate specified in the Financing Agreement at which the Association may set the Commitment Charge pursuant to Section 3.02.
- 77. "Member Country" means the member of the Association which is the Recipient or the guarantor.
- 78. "Non-concessional Financing" means any Financing deemed by the Association to be on non-concessional terms, as more particularly specified in the Financing Agreement.
- 79. "Original Credit Currency" means the currency of denomination of the Credit as defined in Section 3.19(a).
- 80. "Payment Currency" means: (i) for Credits and Grants denominated in SDR, the Currency specified in the Financing Agreement; and (ii) for all other Credits, the Credit Currency.
- 81. "Payment Date" means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges, Interest Charges or Commitment Charges are payable, as applicable.
- 82. "Preparation Advance" means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.
- 83. "Principal Payment Date" means each date specified in the Financing Agreement on which an installment of the principal amount of the Credit is payable.
- 84. "Program" means the program referred to in the Financing Agreement, in support of which the Financing is extended.
- 85. "Program Agreement" means the agreement between the Association and the Program Implementing Entity relating to the implementation of all or part of the Program, as such agreement may be amended from time to time. "Program Agreement" includes these General Conditions as applied to the Program Agreement, and all appendices, schedules and agreements supplemental to the Program Agreement.
- 86. "Program Implementing Entity" means a legal entity (other than the Recipient) which is responsible for implementing all or a part of the Program and which is aparty to the Program Agreement or the Subsidiary Agreement.
- 87. "Program Implementing Entity's Representative" means the Program Implementing Entity's representative specified in the Program Agreement for the purpose of Section 11.02(a).

- 88. "Public Assets" means assets of the Recipient, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.
- 89. "Recipient" means the member of the Association which is a party to the Financing Agreement and to which the Financing is extended.
- 90. "Recipient's Representative" means the representative of the Recipient specified in the Financing Agreement for the purpose of Section 11.02.
- 91. "Reference Rate" means, for any Interest Period:
 - (a) for USD, JPY, and GBP, LIBOR for the relevant Credit Currency. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal London office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in the relevant Credit Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Credit Currency to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for the relevant Credit Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;
 - (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal Euro Area office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;

- (c) if the Association determines that LIBOR (in respect of USD, JPY, and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Association shall determine pursuant to Section 3.09(c); and
- (d) for any currency other than USD, EUR, JPY, or GBP: (i) such reference rate for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii) in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Association in accordance with the Conversion Guidelines and notice thereof given to the Recipient in accordance with Section 4.02 (c).

92. "Reference Rate Reset Date" means:

- (a) for USD, JPY and GBP, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) London Banking Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Credit Balance to any of USD, JPY or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the Conversion Date);
- (b) for EUR, the day two (2) TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) TARGET Settlement Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to EUR falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the Conversion Date);

- (c) if, for a Currency Conversion to an Approved Currency, the Association determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or as agreed by the Association and the Recipient for such Conversion; and
- (d) for any currency other than USD, EUR, JPY and GBP: (i) such day for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Association and notice thereof given to the Recipient in accordance with Section 4.02 (c).
- 93. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Association as the page for the purpose of displaying the Reference Rate for deposits in the Credit Currency.
- 94. "Respective Part of the Program" means, for the Recipient and for any Program Implementing Entity, the part of the Program specified in the Legal Agreements to be implemented by it.
- 95. "Screen Rate" means with respect to a Conversion, such rate as determined by the Association on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines
- 96. "Service Charge" means the charge specified in the Financing Agreement for the purpose of Section 3.03.
- 97. "Special Drawing Right" and "SDR" each means the special drawing right of the International Monetary Fund as valued by it in accordance with its Articles of Agreement.
- 98. "Specific Provision" has the meaning defined in Section 1.01(b) above.
- 99. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.
- 100. "Subsidiary Agreement" means the agreement that the Recipient enters into with the Program Implementing Entity setting forth the respective obligations of the Recipient and the Program Implementing Entity with respect to the Program.
- 101. "Substitute Credit Currency" means the substitute currency of denomination of a Credit referred as defined in Section 3.19(a).
- 102. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.

- 103. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Legal Agreement or imposed after that date.
- 104. "Umpire" means the third arbitrator appointed pursuant to Section 9.03 (c).
- 105. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Recipient to the Association equal to the net aggregate amount payable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Association to the Recipient equal to the net aggregate amount receivable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.
- 106. "Variable Rate" means (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Credit Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread, and (b) in case of a Conversion, such variable rate as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 107. "Variable Spread" means, for each Interest Period: (a)(1) the Association's standard lending spread for Credits in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Association's outstanding borrowings or portions thereof allocated by it to fund credits that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Association and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Association in accordance with Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c). In the case of a Credit denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 108. "Unwithdrawn Credit Balance" means the amount of the Credit remaining unwithdrawn from the Credit Account from time to time.
- 109. "Unwithdrawn Financing Balance" means the amount of the Financing remaining unwithdrawn from the Financing Account from time to time.
- 110. "Unwithdrawn Grant Balance" means the amount of the Grant remaining unwithdrawn from the Grant Account from time to time.

- 111. "Withdrawn Credit Balance" means the amounts of the Credit withdrawn from the Credit Account and outstanding from time to time.
- 112. "Withdrawn Grant Balance" means the amounts of the Grant withdrawn from the Grant Account and outstanding from time to time.
- 113. "Yen", "¥" and "JPY" each means the lawful currency of Japan.



ANNEX F

General Conditions for IDA Financing: Program-for-Results Financing

International Development Association

General Conditions for IDA Financing

Program-for-Results Financing

Dated July ___, 2017

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ARTICLE I Introductory Provisions

Section 1.01 Application of General Conditions

- (a) These General Conditions set forth terms and conditions generally applicable to the Legal Agreements, to the extent the Legal Agreements so provide. If there is no Program Agreement between the Association and a Program Implementing Entity or Subsidiary Agreement between the Recipient and the Program Implementing Entity, references in these General Conditions to the Program Implementing Entity, the Program Agreement or the Subsidiary Agreement shall be disregarded.
- (b) The provisions contained herein shall apply to both Concessional Financing and Non-concessional Financing, unless a particular Section or an Article included in these General Conditions explicitly provides that it shall solely apply to Concessional Financing or Non-concessional Financing, as applicable (a "Specific Provision"). In the event a Specific Provision is inconsistent, contrary or irreconcilable with other provisions of these General Conditions, such Specific Provision shall prevail.

Section 1.02 Inconsistency with Legal Agreements

If any provision of the Financing Agreement or the Program Agreement is inconsistent with a provision of these General Conditions, the provision of the Financing Agreement or the Program Agreement shall prevail.

Section 1.03 Definitions

Capitalized terms used in these General Conditions have the meanings set out in the Appendix.

Section 1.04 References, Headings

References in these General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

ARTICLE II Withdrawals

Section 2.01 Financing Account, Withdrawals Generally, Currency of Withdrawal

- (a) The Association shall credit the amount of the Financing to the Financing Account in Special Drawing Rights or, as the Association may reasonably determine, in any other Currency.
- (b) The Recipient may from time to time request withdrawals of Financing amounts from the

Financing Account in accordance with the provisions of the Financing Agreement, the Disbursement and Financial Reporting Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient.

(c) The Association shall, at the request and acting as an agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase with the Currency withdrawn from the Financing Account such Currencies as the Recipient shall request pursuant to Section 2.01(b). In the event the amount of the Financing has been credited to the Financing Account in Special Drawing Rights, the amount of each withdrawal from the Financing Account shall be calculated as the equivalent in terms of Special Drawing Rights (determined as of the date of withdrawal) of the Currency or Currencies so requested.

Section 2.02 Applications for Withdrawal

- (a) When the Recipient wishes to request a withdrawal from the Financing Account, the Recipient shall promptly deliver to the Association a written application in such form and substance as the Association shall reasonably request.
- (b) The Recipient shall furnish to the Association evidence satisfactory to the Association of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.
- (c) The Recipient shall furnish to the Association such documents and other evidence in support of each such application as the Association shall reasonably request, whether before or after the Association has permitted any withdrawal requested in the application.
- (d) Each such application and accompanying documents and other evidence shall be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw from the Financing Account the amount applied for and that the amount to be withdrawn from the Financing Account shall be used only for the purposes specified in the Financing Agreement.
- (e) The Association shall pay the amounts withdrawn by the Recipient from the Financing Account only to, or on the order of, the Recipient.

Section 2.03 Program Expenditures

Expenditures eligible to be financed out of the Financing proceeds shall, except as otherwise provided in the Legal Agreements, satisfy the following requirements ("Program Expenditures"):

- (a) the payment is for the reasonable cost of Program activities that meet the requirements of the relevant Legal Agreements;
- (b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (c) the payment is made on or after the date of the Financing Agreement, and, except as

the Association may otherwise agree, is for expenditures incurred on or before the Closing Date.

Section 2.04 Financing Taxes

The use of any proceeds of the Financing to pay for Taxes levied by, or in the territory of, the Recipient on or in respect of Program Expenditures, or on their importation, manufacture, procurement or supply, if permitted pursuant to the Legal Agreements, is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing.

Section 2.05 Refinancing Preparation Advance; Service, Interest and Other Charges

- (a) If the Recipient requests the repayment out of the proceeds of the Financing of an advance be made by the Bank or the Association ("Preparation Advance") and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, and shall cancel the remaining unwithdrawn amount of the advance.
- (b) If the Recipient requests that the Service Charge, Interest Charge, Commitment Charge, or other charges on the Credit, as applicable, be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account on each of the Payment Dates, and pay to itself the amount required to pay such interest and other charges accrued and payable as at such date, subject to any limit specified in the Financing Agreement on the amount to be so withdrawn.

Section 2.06 Reallocation of Financing Amount

If the Association reasonably determines that in order to meet the purposes of the Financing it is appropriate to reallocate Financing amounts among withdrawal categories, the Association may, after consultation with the Recipient, make such modifications, and shall notify the Recipient accordingly.

ARTICLE III Financing Terms

This Article III is divided into Part A, with Financing Terms applicable to Concessional Financing only, Part B, with Financing Terms applicable to Non-concessional Financing only, and Part C, with Financing Terms applicable to both Concessional Financing and Non-concessional Financing.

Part A. Financing Terms Applicable to Concessional Financing Only

Section 3.01 Application of Part A to Article III

The provisions of Part A to this Article III shall apply solely to Concessional Financing.

Section 3.02 Commitment Charge

- (a) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Financing Balance at the rate set by the Association as of June 30 of each year ("Commitment Charge"), which shall not exceed the rate specified in the Financing Agreement ("Maximum Commitment Charge Rate").
- (b) The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. Except as otherwise provided in Section 2.07(b), the Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.
- (c) The Association shall notify the Recipient of the applicable Commitment Charge promptly upon its determination.

Section 3.03 Service Charge

The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The service charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04 Interest Charge

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.05 Repayment of the Credit

(a) Repayment Generally. Subject to the provisions of paragraph (b) of this Section, the Recipient shall repay the Withdrawn Credit Balance to the Association in installments as

provided in the Financing Agreement.

(b) Accelerated Repayment.

- (i) The Association may modify the repayment of installments of the Withdrawn Credit Balance as provided in the Financing Agreement in accordance with sub-paragraph (ii) or (iii) of this paragraph whenever all of the following events have occurred: (A) the Recipient's per capita gross national income, as determined by the Association, has exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; (B) the Bank considers the Recipient's creditworthy for Bank lending; and (C) after due consideration of the development of the Recipient's economy, the Executive Directors of the Association have reviewed and approved such modification.
- (ii) The Association shall, upon the occurrence of the events referred to in paragraph (b) (i) of this Section: (A) require the Recipient to repay twice the amount of each installment of the Withdrawn Credit Balance not yet due until the Credit has been fully repaid; and (B) require the Recipient to commence such repayment as of the first semiannual Principal Payment Date falling six (6) months or more after the date on which the Association notifies the Recipient that such events have occurred; provided, however, that there shall be a grace period of a minimum of five years on such repayment.
- (iii) Alternatively, if so requested by the Recipient, the Association may revise the terms specified in sub-paragraph (ii) of this paragraph to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the Withdrawn Credit Balance; provided that, in the judgment of the Association, such revision shall not change the grant element provided under such terms.
- (iv) If, at any time after the repayment terms have been modified pursuant to sub-paragraph (i) of this Section, the Association determines that the Recipient's economic condition has deteriorated significantly, the Association may, if so requested by the Recipient, further revise the terms of repayment of the Withdrawn Credit Balance to conform to the schedule of installments originally provided in the Financing Agreement, taking into account any repayments already made by the Recipient.

Section 3.06 Prepayment

The Recipient may repay the Association in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient.

Part B. Financing Terms Applicable to Non-concessional Financing Only

Section 3.07 Application of Part B to Article III

The provisions of Part B to this Article III shall apply solely to Non-concessional Financing.

Section 3.08 Front-end Fee; Commitment Charge

- (a) The Recipient shall pay the Association a Front-end Fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee"). Except as otherwise provided in Section 3.08(b), the Recipient shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) If the Recipient requests that the Front-end Fee be paid out of the proceeds of the Credit and the Association agrees to such a request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself such fee.
- (c) No withdrawal of any Credit amount from the Credit Account shall be made (other than to repay the Preparation Advance) until the Association has received from the Recipient payment in full of the Front-end Fee.
- (d) The Recipient shall pay the Association a Commitment Charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement. The Commitment Charge shall accrue from a date sixty (60) days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. Except as otherwise provided in Section 2.07 (b), the Recipient shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

Section 3.09 Interest Charge

- (a) The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement; provided, however, that the interest rate applicable to any interest period payable shall in no event be less than zero percent (0%) per annum; and provided further that, if the Financing Agreement provides for Conversions, such rate may be modified from time to time in accordance with the provisions of Article IV. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day-count convention reasonably determined by the Association.
- (b) If interest on any amount of the Withdrawn Credit Balance is based on a Variable Spread, the Association shall notify the Recipient of the interest rate on such amount for each Interest Period, promptly upon its determination.
- (c) If interest on any amount of the Credit is based on LIBOR or EURIBOR, and the Association determines that such Reference Rate has permanently ceased to be quoted for the relevant Credit Currency, the Association shall apply such other comparable Reference Rate for such Credit Currency as it may reasonably determine. The Association shall promptly notify the Recipient of such other rate.

- (d) If interest on any amount of the Withdrawn Credit Balance is payable at the Variable Rate, then whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the Association determines that it is in the interest of its borrowers as a whole and of the Association to apply a basis for determining such interest rate other than as provided in the Financing Agreement, the Association may modify the basis for determining such interest rate upon not less than three months' notice to the Recipient of the new basis. The new basis shall become effective on the expiry of the notice period unless the Recipient notifies the Association during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Credit.
- (e) Notwithstanding the provisions of Section 3.09 (a), if any amount of the Withdrawn Credit Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Financing Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Section 3.10 Repayment of the Credit

- (a) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement, and, if applicable, as further provided in paragraphs (b), (c), (d) and (e) of this Section 3.10. The Withdrawn Credit Balance shall be repaid on either a Commitment-linked Amortization Schedule or a Disbursement-linked Amortization Schedule.
- (b) For Credits with a Commitment-linked Amortization Schedule:

The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement provided that:

- (i) If the proceeds of the Credit have been fully withdrawn as of the first Principal Payment Date specified in the Financing Agreement, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined by the Association by multiplying: (x) the Withdrawn Credit Balance as of the first Principal Payment Date; by (y) the Installment Share specified in the Financing Agreement for each Principal Payment Date, adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).
- (ii) If the proceeds of the Credit have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Credit repayable by the Recipient on each Principal Payment Date shall be determined as follows:
 - (A) To the extent that any proceeds of the Credit have been withdrawn as of the first Principal Payment Date, the Recipient shall repay the Withdrawn Credit Balance as of such date in

accordance with the Amortization Schedule under the Financing Agreement.

- (B) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Association by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the Financing Agreement for said Principal Payment Date and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts to which a Currency Conversion applies in accordance with Section 3.10 (e).
- (iii) (A) Amounts of the Credit withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (B) Notwithstanding the provisions of this paragraph, if at any time the Association adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of this paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- (c) For Credits with Disbursement-linked Amortization Schedule:
 - (i) The Recipient shall repay the Withdrawn Credit Balance to the Association in accordance with the provisions of the Financing Agreement.
 - (ii) The Association shall notify the Recipient of the Amortization Schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
- (d) If the Withdrawn Credit Balance is denominated in more than one Credit Currency, the provisions of the Financing Agreement and this Section 3.10 shall apply separately to the amount denominated in each Credit Currency (and a separate Amortization Schedule shall be produced for each such amount, as applicable).
- (e) Notwithstanding the provisions in paragraphs (b) (i) and (ii) above and in the

Amortization Schedule in the Financing Agreement, as applicable, upon a Currency Conversion of all or any portion of the Withdrawn Credit Balance or Disbursed Amount, as applicable, to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Association in accordance with the Conversion Guidelines.

Section 3.11 Prepayment

- (a) After giving not less than forty-five (45) days' notice to the Association, the Recipient may repay the Association the following amounts in advance of maturity, as of a date acceptable to the Association (provided that the Recipient has paid all Financing Payments due as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section): (i) the entire Withdrawn Credit Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Credit. Any partial prepayment of the Withdrawn Credit Balance shall be applied in the manner specified by the Recipient, or in the absence of any specification by the Recipient, in the following manner: (A) if the Financing Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Credit, the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Credit maturities, with the latest maturity being repaid first.
- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Association to represent any cost to it of redeploying the amount to be prepaid from the date of its prepayment to its maturity date.
- (c) If, in respect of any amount of the Credit to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment: (i) the Recipient shall pay a transaction fee for the early termination of the Conversion, in such amount or at such rate as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of prepayment; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination of the Conversion, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid at the time of the prepayment and in any event, no later than sixty (60) days after the date of prepayment.
- (d) Notwithstanding Section 3.11 (a) above and unless the Association agrees otherwise, the Recipient may not prepay in advance of maturity any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion that has been effected through a Currency Hedge Notes Transaction.

Part C. Financing Terms Applicable to Both Concessional Financing and

Non-concessional Financing

Section 3.12 Application of Part C to Article III

The provisions of Part C to this Article III shall solely apply to both Concessional Financing and Non-concessional Financing.

Section 3.13 Partial Payment

If the Association at any time receives less than the full amount of any Financing Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Financing Agreement as it determines in its sole discretion.

Section 3.14 Place of Payment

All Financing Payments shall be paid at such places as the Association shall reasonably request.

Section 3.15 Currency of Payment

- (a) The Recipient shall pay all Financing Payments in the Payment Currency, and if a Conversion has been effected in respect of any amount of a Credit qualifying as Non-concessional Financing, as further specified in the Conversion Guidelines.
- (b) If the Recipient so requests, and the Association agrees to such a request, the Association shall, acting as agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase the Payment Currency for the purpose of paying a Financing Payment upon timely payment by the Recipient of sufficient funds for that purpose in a Currency or Currencies acceptable to the Association; provided, however, that the Financing Payment shall be deemed to have been paid only when and to the extent that the Association has received such payment in the Payment Currency.

Section 3.16 Amount of Repayment

Where the Credit is denominated in SDR, and in accordance with Section 2.01(a), the Withdrawn Credit Balance repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the Currency or Currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.

Section 3.17 *Valuation of Currencies*

Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the Association.

Section 3.18 *Manner of Payment*

- (a) Any Financing Payment required to be paid to the Association in the Currency of any country shall be paid in such manner, and in the Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the Association with a depository of the Association authorized to accept deposits in such Currency.
- (b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Recipient.
- (c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Recipient, or in connection with their execution, delivery or registration.

Section 3.19 Temporary Currency Substitution

- (a) If the Association reasonably determines that an extraordinary situation has arisen under which the Association shall be unable to provide the Credit Currency at any time for purposes of funding the Credit, the Bank may provide such substitute Currency or Currencies ("Substitute Credit Currency") for the Credit Currency ("Original Credit Currency") as the Association shall select. During the period of such extraordinary situation: (i) the Substitute Credit Currency shall be deemed to be the Credit Currency for purposes of the Legal Agreements; and (ii) Financing Payments shall be paid in the Substitute Credit Currency, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Association. The Association shall promptly notify the parties of the occurrence of such extraordinary situation, the Substitute Credit Currency and the financial terms of the Credit related to the Substitute Credit Currency.
- (b) Upon notification by the Association under paragraph (a) of this Section, the Recipient may within thirty (30) days thereafter notify the Association of its selection of another Currency acceptable to the Association as the Substitute Credit Currency. In such case, the Association shall notify the Recipient of the financial terms of the Credit applicable to said Substitute Credit Currency, which shall be determined in accordance with principles reasonably established by the Association.
- (c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, no premium shall be payable on prepayment of the Credit.
- (d) Once the Association is again able to provide the Original Credit Currency, it shall, at the Recipient's request, change the Substitute Credit Currency to the Original Credit Currency in accordance with principles reasonably established by the Association.

ARTICLE IV Conversions of Financing Terms

Section 4.01 Application of Article IV

The provisions of this Article IV shall apply solely to Non-concessional Financing.

Section 4.02 Conversions Generally

- (a) The Recipient may, at any time, request a Conversion of the terms of the Non-concessional Financing in accordance with the provisions of this Section in order to facilitate prudent debt management. Each such request shall be furnished by the Recipient to the Association in accordance with the Conversion Guidelines and, upon acceptance by the Association, the conversion requested shall be considered a Conversion for the purposes of these General Conditions.
- (b) Subject to Section 4.02 (e) below, the Recipient may at any time request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion into Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. All Conversions shall be effected in accordance with the Conversion Guidelines and may be subject to such additional terms and conditions as may be agreed between the Association and the Recipient.
- (c) Upon acceptance by the Association of a request for a Conversion, the Association shall take all actions necessary to effect the Conversion in accordance with the Financing Agreement and the Conversion Guidelines. To the extent any modification of the provisions of the Financing Agreement providing for withdrawal or repayment of the proceeds of the Credit is required to give effect to the Conversion, such provisions shall be deemed to have been modified as of the Conversion Date. Promptly after the Execution Date for each Conversion, the Association shall notify the Recipient of the financial terms of the Credit, including any revised amortization provisions and modified provisions providing for withdrawal of the proceeds of the Credit.
- (d) The Recipient shall pay a transaction fee for each Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of the Association's acceptance of the Conversion request. Transaction fees provided for under this paragraph shall be either: (i) payable as a lump sum not later than sixty (60) days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.
- (e) Except as otherwise agreed by the Association, the Recipient may not request additional Conversions of any portion of the Withdrawn Credit Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. Each such Currency Conversion shall be effected on such terms and conditions as may be separately agreed by the Association and the Recipient and may include transaction fees to cover the underwriting cost of the Bank in connection with Currency Hedge Notes Transaction.

Section 4.03 Conversion to a Fixed Rate or Fixed Spread of Credit that Accrues Interest at a Rate Based on the Variable Spread

A Conversion to a Fixed Rate or a Variable Rate with a Fixed Spread of all or any amount of the Credit that accrues interest at a rate based on the Variable Spread shall be effected by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Credit Currency, applicable on the date of the Conversion request, and in the case of a Conversion to a Fixed Rate, followed immediately by the Conversion requested by the Recipient.

Section 4.04 Interest Payable following Interest Rate Conversion or Currency Conversion

- (a) Interest Rate Conversion. Upon an Interest Rate Conversion, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate or the Fixed Rate, whichever applies to the Conversion.
- (b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest and any applicable charges denominated in the Approved Currency on such amount as subsequently withdrawn and outstanding from time to time at the Variable Rate.
- (c) Currency Conversion of Withdrawn Amounts. Upon a Currency Conversion of all or any amount of the Withdrawn Credit Balance to an Approved Currency, the Recipient shall, for each Interest Period during the Conversion Period, pay interest denominated in the Approved Currency in accordance with the Conversion Guidelines on such Withdrawn Credit Balance at the Variable Rate or Fixed Rate, whichever applies to the Conversion.

Section 4.05 Principal Payable following Currency Conversion

- (a) Currency Conversion of Unwithdrawn Amounts. In the event of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by the Screen Rate. The Recipient shall repay such principal amount as subsequently withdrawn in the Approved Currency in accordance with the provisions of the Financing Agreement.
- (b) Currency Conversion of Withdrawn Amounts. In the event of a Currency Conversion of an amount of the Withdrawn Credit Balance to an Approved Currency, the principal amount of the Credit so converted shall be determined by the Association by multiplying the amount to be so converted in its Currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Association under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Association so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate. The Recipient shall repay such principal amount denominated in the Approved Currency in accordance with the provisions of the Financing Agreement.
- (c) Termination of Conversion Period prior to Final Credit Maturity. If the Conversion Period of a Currency Conversion applicable to a portion of the Credit terminates prior to the final maturity of such portion, the principal amount of such portion of the Credit remaining

outstanding in the Credit Currency to which such amount shall revert upon such termination shall be determined by the Association either: (i) by multiplying such amount in the Approved Currency of the Conversion by the spot or forward exchange rate prevailing between the Approved Currency and said Credit Currency for settlement on the last day of the Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Recipient shall repay such principal amount in the Credit Currency in accordance with the provisions of the Financing Agreement.

Section 4.06 Interest Rate Cap; Interest Rate Collar

- (a) Interest Rate Cap. Upon the establishment of an Interest Rate Cap on the Variable Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on the Reference Rate and the Fixed Spread, the Variable Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate exceeds the Interest Rate Cap, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to the Interest Rate Cap plus the Variable Spread.
- Interest Rate Collar. Upon the establishment of an Interest Rate Collar on the Variable (b) Rate, the Recipient shall, for each Interest Period during the Conversion Period, pay interest on the amount of the Withdrawn Credit Balance to which the Conversion applies at the Variable Rate, unless on any Reference Rate Reset Date during the Conversion Period: (i) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, the Variable Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such upper limit; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit; or (ii) for a Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, the Reference Rate: (A) exceeds the upper limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such upper limit plus the Variable Spread; or (B) falls below the lower limit of the Interest Rate Collar, in which case, for the Interest Period to which the Reference Rate Reset Date relates, the Recipient shall pay interest on such amount at a rate equal to such lower limit plus the Variable Spread.
- (c) Interest Rate Cap or Collar Premium. (i) Upon the establishment of an Interest Rate Cap or an Interest Rate Collar, the Recipient shall pay to the Association a premium on the amount of the Withdrawn Credit Balance to which the Conversion applies, calculated: (A) on the basis of the premium, if any, payable by the Association for an interest rate cap or collar purchased by the Association from a Counterparty for the purpose of establishing the Interest Rate Cap or Interest Rate Collar; or (B) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Recipient not later than sixty (60) days after the Execution Date; (ii) promptly

following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Recipient has requested that the premium be paid out of the proceeds of the Credit, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and pay to itself the amounts required to pay any premium payable in accordance with this Section up to the amount allocated from time to time for that purpose in the Financing Agreement.

Section 4.07 Early Termination

- (a) The Association shall have the right to terminate any Conversion effected on such Credit during any period of time in which the Default Interest Rate accrues on the Credit as provided in Section 3.09 (e).
- (b) Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Association as provided in Section 4.07 (a) or the Recipient: (i) the Recipient shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Association from time to time and in effect at the time of receipt by the Association of the Recipient's notice of early termination; and (ii) the Recipient or the Association, shall pay an Unwinding Amount, if any, for the early termination, in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Recipient pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.

ARTICLE V Program Execution

Section 5.01 *Program Execution Generally*

- (a) The Recipient and the Program Implementing Entity shall carry out their Respective Parts of the Program: (i) with due diligence and efficiency; (ii) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and (iii) in accordance with the provisions of the Legal Agreements.
- (b) The Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement, and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems"), which are designed to ensure that: (i) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and (ii) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

Section 5.02 Performance Under the Financing Agreement, Program Agreement and Subsidiary Agreement

The Recipient shall: (a) cause the Program Implementing Entity to perform all of the obligations of the Program Implementing Entity set forth in the Program Agreement or the Subsidiary Agreement in accordance with the provisions of the Program Agreement or Subsidiary

Agreement; and (b) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 5.03 Provision of Funds and Other Resources

The Recipient shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Program; and (b) necessary or appropriate to enable the Program Implementing Entity to perform its obligations under the Program Agreement or the Subsidiary Agreement.

Section 5.04 *Insurance*

The Recipient and the Program Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Program, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 5.05 *Land Acquisition*

The Recipient and the Program Implementing Entity shall take, or cause to be taken, all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Program and shall promptly furnish to the Association, upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Program.

Section 5.06 Maintenance of Facilities

The Recipient and the Program Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Program shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

Section 5.07 Plans; Documents; Records

- (a) The Recipient and the Program Implementing Entity shall furnish to the Association all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Program, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Association shall reasonably request.
- (b) The Recipient and the Program Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Program (including its cost and the benefits to be derived from it), and shall furnish such records to the Association upon its request.
- (c) The Recipient and the Program Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Program until at least the later of: (i) one (1) year after the Association has received the audited Financial Statements covering the period during which the last withdrawal from the Financing Account was made; and (ii) two (2) years after the Closing Date. The Recipient and the

Program Implementing Entity shall enable the Association's representatives to examine such records.

Section 5.08 Program Monitoring and Evaluation

- (a) The Recipient and the Project Implementing Entity shall maintain, or cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the progress of the Program and the achievement of its objectives.
- (b) The Recipient shall prepare or cause to be prepared periodic reports ("Program Report"), in form and substance satisfactory to the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Program, and to achieve the Program's objectives. The Recipient shall furnish, or cause to be furnished, each Program Report to the Association promptly upon its preparation, afford the Association a reasonable opportunity to exchange views with the Recipient and the Program Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Association's views on the matter.
- (c) Except as the Association may reasonably determine otherwise, the Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six (6) months after the Closing Date: (i) a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient, the Program Implementing Entity and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing; and (ii) a plan designed to ensure the sustainability of the Program's achievements.

Section 5.09 Financial Management, Financial Statements, Audits

- (a) (i) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) the Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect its operations, resources and expenditures, and/or those of the Project, as may be further specified in the Disbursement and Financial Reporting Letter.
- (b) The Borrower and the Project Implementing Entity shall:
 - (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
 - (ii) not later than the date specified in the Disbursement and Financial Reporting Letter, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request;

- (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank; and
- (iv) if requested by the Bank, periodically furnish or cause to be furnished to the Bank interim unaudited financial reports for the Project, in form and substance satisfactory to the Bank and as further specified in the Disbursement and Financial Reporting Letter.

Section 5.10 Cooperation and Consultation

The Recipient and the Association shall cooperate fully to assure that the purposes of the Financing and the objectives of the Program will be accomplished. To that end, the Recipient and the Association shall:

- (a) from time to time, at the request of either one of them, exchange views on the Program, the Financing, and the performance of their respective obligations under the Legal Agreements, and furnish to the other party all such information related to such matters as it shall reasonably request; and
- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 5.11 Visits

- (a) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Financing or the Program.
- (b) The Recipient and the Program Implementing Entity shall enable the Association's representatives: (i) to visit any facilities and construction sites included in their Respective Parts of the Program; and (ii) to examine the goods financed out of the proceeds of the Financing for their Respective Parts of the Program, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

Section 5.12 Disputed Area

In the event that the Program is in an area which is or becomes disputed, neither the Association's financing of the Program, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the Association as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

Section 5.13 Anti-Corruption

The Recipient and the Program Implementing Entity shall ensure that the Program is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

ARTICLE VI Financial and Economic Data; Financial Condition

Section 6.01 Financial and Economic Data

- (a) The Member Country shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Member Country or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Member Country.
- (b) The Member Country shall report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 ("DRSM"), as may be revised from time to time), in accordance with the DRSM, and in particular, to notify the Association of new "loan commitments" (as defined in the DRSM) not later than thirty (30) days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) annually, not later than March 31 of the year following the year covered by the report.
- (c) If the Association has notified the Recipient that the Recipient is subject to its policies on non-concessional borrowing, the Recipient shall: (i) notify the Association at least three months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the Association reasonable opportunity to exchange views with the Recipient on the matter. For purposes of this paragraph, "non-concessional long-term external debt" means any long-term external debt (as defined in DRSM), but excluding private debt (as so defined), with an estimated grant element calculated in the manner published from time to time by the Association.
- (d) The Recipient represents, as at the date of the Financing Agreement, that no defaults exist in respect of any "external debt" (as defined in the DRSM), except those listed in a notification from the Recipient to the Association.

Section 6.02 Financial Condition

If the Association has determined that the financial condition of a Financing recipient, which is not a member country, or the Program Implementing Entity, is a material factor in the Association's decision to lend, the Association shall have the right, as a condition to lend, to require that such recipient or Program Implementing Entity provides the Association with representations and warranties related to its financial and operating conditions, satisfactory to the Association.

ARTICLE VII

Negative Pledge

Section 7.01 Application of Article VII

The provisions of this Article VII shall apply solely to Non-concessional Financing.

Section 7.02 Negative Pledge

- (a) It is the policy of the Association, in providing Credits to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member country concerned but to ensure that no other Covered Debt shall have priority over its Credits in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Association shall otherwise agree, ipso facto and at no cost to the Association, equally and ratably secure all Financing Payments, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Association secure all Financing Payments by an equivalent Lien on other Public Assets satisfactory to the Association.
- (b) The party to the Financing Agreement which is not a Member Country undertakes that, except as the Association shall otherwise agree:
 - (i) if it creates any Lien on any of its assets as security for any debt, such Lien will equally and ratably secure the payment of all Financing Payments and in the creation of any such Lien express provision will be made to that effect, at no cost to the Association; and
 - (ii) if any statutory Lien is created on any of its assets as security for any debt, it shall grant at no cost to the Association, an equivalent Lien satisfactory to the Association to secure the payment of all Financing Payments.
- (c) The provisions of paragraphs (a) and (b) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.
- (d) The Member Country represents, as of the date of the Financing Agreement, that no

Liens exist on any Public Assets, as security for any Covered Debt, except those listed in a notification from the Member Country to the Association and those excluded pursuant to paragraph (c) of this Section 7.02.

- (e) Solely for the purposes of interpreting this Article VII, "Financing Payment" means any amount: (i) payable by the Member Country to the Association; or (ii) payable by the party to the Financing Agreement which is not a Member Country, to the Association; pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by such party, as applicable; provided that no amount referred to in this Section 7.02 (e) shall be an amount payable in respect of Concessional Financing.
- (f) Solely for the purposes of this Article VII, "Financing Agreement" means the financing agreement between: (i) the Recipient and the Association; or (ii) another party and the Association; providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.

ARTICLE VIII Cancellation; Suspension; Grant and Credit Refund; Acceleration

Section 8.01 Cancellation by the Recipient

The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.

Section 8.02 Suspension by the Association

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored:

- (a) Payment Failure. The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges, interest charges, or any other amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient.
- (b) *Performance Failure*.

- (i) The Recipient has failed to perform any other obligation under the Financing Agreement, or to the extent applicable, under any Derivatives Agreement.
- (ii) The Program Implementing Entity has failed to perform any obligation under the Program Agreement or the Subsidiary Agreement.
- (c) Fraud and Corruption. At any time, the Association determines that any representative of the Recipient or the Program Implementing Entity, or any other recipient of any of the proceeds of the Financing has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Financing, without the Recipient or the Program Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

(d) Cross Suspension.

- (i) The Association or the Bank has suspended in whole or in part the right of the Recipient to make withdrawals under any agreement with the Association or with the Bank because of a failure by the Recipient to perform any of its obligations under such agreement or any other agreement with the Association.
- (ii) The Bank has suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement or any other agreement with the Bank.
- (e) Extraordinary Situation. As a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation has arisen which makes it improbable that the Program can be carried out or that the Recipient or the Program Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.
- (f) Event prior to Effectiveness. The Association has determined after the Effective Date that prior to such date but after the date of the Financing Agreement, an event has occurred which would have entitled the Association to suspend the Recipient's right to make withdrawals from the Financing Account if the Financing Agreement had been effective on the date such event occurred.
- (g) *Misrepresentation*. A representation made by the Recipient in or pursuant to the Financing Agreement, or any representation or statement furnished by the Recipient and intended to be relied upon by the Association in making the Financing, was incorrect in any material respect.
- (h) *Co-financing*. Any of the following events occurs with respect to any financing specified in the Financing Agreement to be provided for the Program ("Co-financing") by a financier (other than the Association or the Bank) ("Co-financier"):
 - (i) If the Financing Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to

become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Association has established by notice to the Recipient ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that adequate funds for the Program are available from other sources on terms and conditions consistent with its obligations under the Financing Agreement.

- (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
- (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Program are available from other sources on terms and conditions consistent with the Recipient's obligations under the Financing Agreement.
- (i) Assignment of Obligations; Disposition of Assets. The Recipient or the Program Implementing Entity (or any other entity responsible for implementing any part of the Program), has, without the consent of the Association: (i) assigned or transferred, in wholeor in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Financing; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Association: (A) do not materially and adversely affect the ability of the Recipient or of the Program Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Program; and (B) do not materially and adversely affect the financial condition or operation of the Program Implementing Entity (or such other entity).
- (j) Membership. The Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.
- (k) Condition of Program Implementing Entity.
 - (i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program).
 - (ii) The Program Implementing Entity (or any other entity responsible for implementing any part of the Program) has ceased to exist in the same legal form as that prevailing as of the date of the Financing Agreement.

- (iii) In the opinion of the Association, the legal character, ownership or control of the Program Implementing Entity (or of any other entity responsible for implementing any part of the Program) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Recipient or of the Program Implementing Entity (or such other entity) to perform any ofits obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Program.
- (1) Ineligibility. The Association or the Bank has declared the Program Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Program Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Program Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.
- (m) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

Section 8.03 Cancellation by the Association

If any of the events specified in paragraphs (a) through (d) of this Section occurs with respect to an amount of the Unwithdrawn Financing Balance, the Association may, by notice to the Recipient, terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Financing shall be cancelled.

- (a) Suspension. The right of the Recipient to make withdrawals from the Financing Account has been suspended with respect to any amount of the Financing for a continuous period of thirty (30) days.
- (b) Amounts not Required. At any time, the Association determines, after consultation with the Recipient, that an amount of the Financing will not be required to finance the Program.
- (c) Fraud and Corruption. At any time, the Association determines, with respect to any amount of the proceeds of the Financing, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Program Implementing Entity (or other recipient of the proceeds of the Financing) without the Recipient or the Program Implementing Entity (or other recipient of the proceeds of the Financing) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- (d) Closing Date. After the Closing Date, there remains an Unwithdrawn Financing Balance.

Section 8.04 Application of Cancelled Amounts to Maturities of the Credit

Except as the Recipient and the Association shall otherwise agree, any cancelled amount of the Credit shall be applied *pro rata* to the installments of the principal amount of the Credit falling due after the date of such cancellation.

Section 8.05 Events of Acceleration

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Credit Balance as at the date of such notice to be due and payable immediately together with any other Financing Payments due under the Financing Agreement. Upon any such declaration, such Withdrawn Credit Balance and Financing Payments shall become immediately due and payable.

(a) Payment Default. A default has occurred in the payment by the Recipient of any amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Recipient; and such default continues in each case for a period of thirty (30) days.

(b) *Performance Default.*

- (i) A default has occurred in the performance by the Recipient of any other obligation under the Financing Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Recipient.
- (ii) A default has occurred in the performance by the Program Implementing Entity of any obligation under the Program Agreement or the Subsidiary Agreement, and such default continues for a period of sixty (60) days after notice of such default has been given by the Association to the Program Implementing Entity and the Recipient.
- (c) *Co-financing*. The event specified in sub-paragraph (h)(ii)(B) of Section 8.02 has occurred, subject to the provisions of sub-paragraph (h)(iii) of that Section.
- (d) Assignment of Obligations; Disposition of Assets. Any event specified in paragraph (i) of Section 8.02 has occurred.
- (e) Condition of Program Implementing Entity. Any event specified in sub-paragraph (k)(i), (k)(ii), or (k)(iii) of Section 8.02 has occurred.
- (f) Additional Event. Any other event specified in the Financing Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Financing

Agreement ("Additional Event of Acceleration").

Section 8.06 Grant or Credit Refund

- (a) If the Association determines that an amount of the Withdrawn Grant Balance or Withdrawn Credit Balance, as applicable, has been used in a manner inconsistent with the provisions of the Legal Agreement, the Recipient shall, upon notice by the Association to the Recipient, promptly refund such amount to the Association. Such inconsistent use shall include, without limitation:
 - (i) use of such amount to make a payment for an expenditure that is not a Program Expenditure; or
 - (ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount; or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient or the Program Implementing Entity (or other recipient of such amount of the Withdrawn Grant Balance or Withdrawn Credit Balance), in either case without the Recipient or the Program Implementing Entity (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- (b) If at any time after the Closing Date the Recipient has failed to provide the Association evidence satisfactory to the Association that the Withdrawn Grant Balance or Withdrawn Credit Balance does not exceed the total amount of Program Expenditures, the Recipient shall, upon notice from the Association, promptly refund to the Association such excess amount of Withdrawn Grant Balance or Withdrawn Credit Balance.
- (c) Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
- (d) If any notice of refund is given pursuant to Section 8.07 (a) or (b) during the Conversion Period for any Conversion applicable to a Credit: (i) the Recipient shall pay a transaction fee in respect of any early termination of such Conversion, in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (ii) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the date of the refund.

Section 8.07 Acceleration during a Conversion Period

If the Financing Agreement provides for Conversions, and if any notice of acceleration is given pursuant to Section 8.06 during the Conversion Period for any Conversion applicable to a Credit: (a) the Recipient shall pay a transaction fee in respect of any early termination of the Conversion,

in such amount or at such rate as announced by the Association from time to time and in effect on the date of such notice; and (b) the Recipient shall pay any Unwinding Amount owed by it in respect of any early termination of the Conversion, or the Association shall pay any Unwinding Amount owed by it in respect of any such early termination (after setting off any amounts owed by the Recipient under the Financing Agreement), in accordance with the Conversion Guidelines. Transaction fees and any Unwinding Amount payable by the Recipient shall be paid not later than sixty (60) days after the effective date of the acceleration.

Section 8.08 Effectiveness of Provisions after Cancellation, Suspension, Refund or Acceleration

Notwithstanding any cancellation, suspension, refund, or acceleration under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these General Conditions.

ARTICLE IX Enforceability; Arbitration

Section 9.01 Enforceability

The rights and obligations of the Recipient and the Association under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 9.02 Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 9.03 Arbitration

(a) Any controversy between the parties to the Financing Agreement and any claim by either such party against the other arising under the Financing Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal ("Arbitral Tribunal") as hereinafter provided.

- (b) The parties to such arbitration shall be the Association and the Recipient.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Association; (ii) a second arbitrator shall be appointed by the Recipient; and (iii) the third arbitrator ("Umpire") shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either party fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.
- (e) If within sixty (60) days after the notice instituting the arbitration proceeding, the parties have not agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.
- (f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.
- (g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.
- (h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Financing Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.
- (i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

- (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Financing Agreement or of any claim by either party against the other party arising under the Financing Agreement.
- (k) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, either party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against the other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Financing Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.
- (l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Financing Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE X Effectiveness; Termination

Section 10.01 Conditions of Effectiveness of Legal Agreements

The Legal Agreements shall not become effective until the Recipient and the Program Implementing Entity confirm and the Association is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

- (a) The execution and delivery of each Legal Agreement on behalf of the Recipient or the Program Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the Legal Agreement is legally binding upon such party in accordance with its terms.
- (b) If the Association so requests, the condition of the Program Implementing Entity, as represented and warranted to the Association at the date of the Legal Agreements, has not undergone any material adverse change after such date.
- (c) Each condition specified in the Financing Agreement as a condition of its effectiveness has occurred ("Additional Condition of Effectiveness").

Section 10.02 Legal Opinions or Certificates; Representation and Warranty

For the purpose of confirming that the conditions specified in paragraph (a) of Section 10.01 above have been met:

- (a) The Association may require an opinion or certificate satisfactory to the Association confirming: (i) on behalf of the Recipient or the Program Implementing Entity that the Legal Agreement to which it is a party has been duly authorized by, and executed and delivered on behalf of, such party, and is legally binding upon such party in accordance with its terms; and (ii) each other matter specified in the Financing Agreement or reasonably requested by the Association in connection with the Legal Agreements for the purpose of this Section.
- (b) If the Association does not require an opinion or certificate pursuant to Section 10.02 (a), by signing the Legal Agreement to which it is a party, the Recipient or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such Legal Agreement, the Legal Agreement has been duly authorized by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms, except where additional action is required to make such Legal Agreement legally binding. Where additional action is required following the date of the Legal Agreement, the Recipient or the Program Implementing Entity shall notify the Association when such additional action has been taken. By providing such notification, the Recipient or the Program Implementing Entity shall be deemed to represent and warrant that on the date of such notification the Legal Agreement to which it is a party is legally binding upon it in accordance with its terms.

Section 10.03 Effective Date

- (a) Except as the Recipient and the Association shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Association dispatches to the Recipient and the Program Implementing Entity notice confirming it is satisfied that the conditions specified in Section 10.01 have been met ("Effective Date").
- (b) If, before the Effective Date, any event has occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Financing Account if the Financing Agreement had been effective, or the Association has determined that an extraordinary situation provided for under Section 3.19 (a) exists, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event (or events) or situation has (or have) ceased to exist.

Section 10.04 Termination of Legal Agreements for Failure to Become Effective

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Financing Agreement for the purpose of this Section, unless the Association, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Association shall promptly notify the Recipient and the Program Implementing Entity of such later Effectiveness Deadline.

Section 10.05 Termination of Legal Agreements on Performance of All Obligations

(a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith

terminate upon full payment of the Withdrawn Credit Balance and all other Financing Payments due.

- (b) If the Financing Agreement specifies a date by which certain provisions of the Financing Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms.
- (c) If the Program Agreement specifies a date on which the Program Agreement shall terminate, the Program Agreement and all obligations of the parties under the Program Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms. The Association shall promptly notify the Program Implementing Entity if the Financing Agreement terminates in accordance with its terms prior to the date so specified in the Program Agreement.

ARTICLE XI Miscellaneous Provisions

Section 11.01 Execution of Legal Agreements; Notices and Requests

- (a) Each Legal Agreement executed by Electronic Means shall be deemed an original, and in the case of any Legal Agreement not executed by Electronic Means in several counterparts, each counterpart shall be an original.
- (b) Any notice or request required or permitted to be made or given under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 10.03(a), such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail, or Electronic Means, to the party to which it is to be given or made at such party's address or Electronic Address specified in the Legal Agreement or at such other address or Electronic Address as such party shall have designated by notice to the party giving such notice or making such request. Any notice or request delivered by Electronic Means shall be deemed dispatched by the sender from its Electronic Address when it leaves the Electronic Communications System of the sender and shall be deemed received by the other party at its Electronic Address when such notice or request becomes capable of being retrieved in machine readable format by the Electronic Communications System of the receiving party.
- (c) Unless the Parties otherwise agree, Electronic Documents shall have the same legal force and effect as information contained in a Legal Agreement or a notice or request under a Legal Agreement that is not executed or transmitted by Electronic Means.

Section 11.02 Action on Behalf of the Recipient and the Program Implementing Entity

(a) The representative designated by the Recipient in the Financing Agreement (and the representative designated by the Program Implementing Entity in the Program Agreement or the Subsidiary Agreement) for the purpose of this Section, or any person authorized by such

representative for that purpose, may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents or dispatch any Electronic Document required or permitted to be executed pursuant to such Legal Agreement on behalf of the Recipient (or the Program Implementing Entity).

(b) The representative so designated by the Recipient or person so authorized by such representative may agree to any modification or amplification of the provisions of the Financing Agreement on behalf of the Recipient by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Financing Agreement. The Association may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 11.03 Evidence of Authority

The Recipient and the Program Implementing Entity shall furnish to the Association: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents, including Electronic Documents, required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person as well as the Electronic Address referred to in Section 11.01(b).

Section 11.04 Disclosure

The Association may disclose the Legal Agreements to which it is a party and any information related to such Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX Definitions

- 1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Financing Agreement for the purpose of Section 10.01(c).
- 2. "Additional Event of Acceleration" means any event of acceleration specified in the Financing Agreement for the purpose of Section 8.06(f).
- 3. "Additional Event of Suspension" means any event of suspension specified in the Financing Agreement for the purpose of Section 8.02 (m).
- 4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Section 3.10.
- 5. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", in effect on the date of the Financing Agreement.
- 6. "Approved Currency" means, for a Currency Conversion, any Currency approved by the Association, which, upon the Conversion, becomes the Credit Currency.
- 7. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 9.03.
- 8. "Association" means the International Development Association.
- 9. "Automatic Conversion to Local Currency" means, with respect to any portion of the Withdrawn Credit Balance, a Currency Conversion from the Credit Currency to a Local Currency for either the full maturity or the longest maturity available for the Conversion of such amount with effect from the Conversion Date upon withdrawals of amounts of the Credit from the Credit Account.
- 10. "Automatic Rate Fixing Conversion" means an Interest Rate Conversion whereby either (i) the initial Reference Rate component of the interest rate for a Credit based on a Variable Spread is converted to a Fixed Reference Rate; or (ii) the initial Variable Rate for a Credit with a Fixed Spread is converted to a Fixed Rate, in either case for the aggregate principal amount of the Credit withdrawn from the Credit Account during each of the two or more consecutive Interest Periods of that equals or exceeds a specified threshold, and for the full maturity of such amount, as specified in the Financing Agreement or in a separate request from the Recipient.
- 11. "Bank" means the International Bank for Reconstruction and Development.
- 12. "Closing Date" means the date specified in the Financing Agreement (or such otherdate as the Association shall establish, upon a request from the Recipient, by notice

- to the Recipient) after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Financing Account.
- 13. "Co-financier" means the financier (other than the Association or the Bank) referred to in Section 8.02 (h) providing the Co-financing. If the Financing Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
- 14. "Co-financing" means the financing referred to in Section 8.02 (h) and specified in the Financing Agreement provided or to be provided for the Program by the Co-financier. If the Financing Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
- 15. "Co-financing Agreement" means the agreement referred to in Section 8.02 (h) providing for the Co-financing.
- 16. "Co-financing Deadline" means the date referred to in Section 8.02 (h) (i) and specified in the Financing Agreement by which the Co-financing Agreement is to become effective. If the Financing Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
- 17. "Commitment Charge" means the commitment charge payable by the Recipient on the Unwithdrawn Financing Balance pursuant to Section 3.02 or Section 3.08 (d), as applicable. If the Financing includes a Credit and a Grant, "Commitment Charge" refers separately to the commitment charge on the Unwithdrawn Credit Balance and the commitment charge on the Unwithdrawn Grant Balance.
- 18. "Commitment-linked Repayment Amortization Schedule" means an Amortization Schedule in which timing and amount of principal repayments is determined by reference to the date of approval of the Credit by the Association and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 19. "Concessional Financing" means any Financing not explicitly designated as Non-concessional Financing in the Financing Agreement.
- 20. "Conversion" means any of the following modifications of the terms of all or any portion of the Non-concessional Financing that has been requested by the Recipient and accepted by the Association: (a) an Interest Rate Conversion; (b) a Currency Conversion; or (c) the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate; each as provided in the Financing Agreement and in the Conversion Guidelines.
- 21. "Conversion Date" means, for a Conversion, such date as the Association shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Financing Agreement provides for Automatic Conversions to Local Currency, the Conversion Date shall be the date of withdrawal from the Credit Account of the amount in respect of which the Conversion has been requested.
- 22. "Conversion Guidelines" means, for a Conversion, the Bank's and Association's

- "Guidelines for Conversion of Loan and Financing Terms" issued from time to time by the Bank and the Association and in effect at the time of the Conversion.
- 23. "Conversion Period" means, for a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which the Conversion terminates by its terms; provided, that solely for the purpose of enabling the final payment of interest and principal under a Currency Conversion to be made in the Approved Currency, such period shall end on the Payment Date immediately following the last day of said final applicable Interest Period.
- 24. "Counterparty" means a party with which the Association enters into a derivatives transaction in order to effect a Conversion.
- 25. "Credit" means the portion of the Financing specified in the Financing Agreement as a credit, and which is repayable pursuant to the provisions of the Financing Agreement; it being understood that, when "Credit" is used in Specific Provisions, the terms "Financing" shall be replaced in the foregoing sentence by "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions.
- 26. "Covered Debt" means any debt which is or may become payable in a Currency other than the Currency of the Recipient.
- 27. "Credit Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Credit is credited.
- 28. "Credit Currency" means the Currency in which the Credit is denominated; provided that if the Financing Agreement provides for Conversions, "Credit Currency" means the Currency in which the Credit is denominated from time to time. If the Credit is denominated in more than one currency, "Credit Currency" refers separately to each of such Currencies.
- 29. "Currency" means the currency of a country and the Special Drawing Right. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
- 30. "Currency Conversion" means a change of the Credit Currency of all or any amount of the Unwithdrawn Credit Balance or the Withdrawn Credit Balance to an Approved Currency.
- 31. "Currency Hedge Transaction" means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
- 32. "Currency Hedge Notes Transaction" means one or more notes issued by the Association and denominated in an Approved Currency on such terms as may be agreed between the Recipient and the Association, for purposes of executing a Currency Conversion.
- 33. "Currency Hedge Swap Transaction" means one or more Currency swap

transactions entered into by the Association with a Counterparty as of the Execution Date for purposes of executing Currency Conversion.

- 34. "Default Interest Period" means for any overdue amount of the Withdrawn Credit Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
- 35. "Default Interest Rate" means for any Default Interest Period:
- (a) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and
- (b) in respect of any amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).
- 36. "Default Reference Rate" means the Reference Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Reference Rate shall be equal to Reference Rate for the Interest Period in which the amount referred to in Section 3.09(e) first becomes overdue.
- 37. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; provided that:
- (a) for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.09(e) first becomes overdue; and
- (b) for an amount of the Withdrawn Credit Balance to which the Default Interest Rate applies and for which interest was payable at a Variable Rate based on a Fixed Reference Rate and the Variable Spread immediately prior to the application of the Default Interest Rate, "Default Variable Rate" shall be equal to the Default Reference Rate plus the Variable Spread.
- 38. "Derivatives Agreement" means any derivatives agreement between the Association and the Recipient (or any of its sub-sovereign entities) for the purpose of documenting and confirming one or more derivatives transactions between the Association and the Recipient (or any of its sub-sovereign entities), as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
- 39. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Credit withdrawn from the Credit Account during such Interest Period

referred to in Section 3.11(a).

- 40. "Disbursement-Linked Amortization Schedule means an Amortization Schedule in which principal amount repayments are determined by reference to the date of disbursement and the Disbursed Amount and calculated as a portion of the Withdrawn Credit Balance, as specified in the Financing Agreement.
- 41. "Disbursement and Financial Reporting Letter" means the letter transmitted by the Association to the Recipient as part of the additional instructions to be issued under Section 2.01(b).
- 42. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
- 43. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 10.03(a).
- 44. "Effectiveness Deadline" means the date referred to in Section 10.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
- 45. "Electronic Address" means the designation of a party that uniquely identifies a person within a defined electronic communications system for purposes of authenticating the dispatch and receipt of electronic documents.
- 46. "Electronic Communications System" means the collection of computers, servers, systems, equipment, network elements and other hardware and software used for the purposes of generating, sending, receiving or storing or otherwise processing electronic documents, acceptable to the Association and in accordance with any such additional instructions as the Association may specify from time to time by notice to the Recipient.
- 47. "Electronic Document" means information contained in a Legal Agreement or a notice or request under a Legal Agreement that is transmitted by Electronic Means.
- 48. "Electronic Means" means the generation, sending, receiving, storing or otherwise processing of an electronic document by electronic, magnetic, optical or similar means, including, but not limited to, electronic data interchange, electronic mail, telegram, telex or telecopy, acceptable to the Association.
- 49. "EURIBOR" means for any Interest Period, the EUR interbank offered rate for deposits in EUR for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.
- 50. "Euro', '€' and 'EUR'" each means the lawful currency of the member states of the Euro Area.
- 51. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing

the European Community, as amended by the Treaty on European Union.

- 52. "Execution Date" means, for a Conversion, the date on which the Association has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Association.
- 53. "Financial Center" means: (a) for a Currency other than EUR, the principal financial center for the relevant Currency; and (b) for the EUR, the principal financial center of the relevant member state in the Euro Area.
- 54. "Financial Statements" means the financial statements to be maintained for the Program as provided in Section 5.09.
- 55. "Financing" means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant; it being understood that, except when "Financing" is used in Specific Provisions where it shall mean either "Non-concessional Financing" or "Concessional Financing", as applicable under the considered Specific Provisions, "Financing" means both Concessional Financing and Non-Concessional Financing.
- 56. "Financing Account" means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.
- 57. "Financing Agreement" means the financing agreement between the Recipient and the Association providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.
- 58. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Recipient, and any premium payable upon and any refund of the Withdrawn Grant Balance payable by the Recipient, as applicable.
- 59. "Fixed Rate" means a fixed rate of interest applicable to the amount of the Credit to which a Conversion applies, as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 60. "Fixed Reference Rate" means a fixed reference rate component of the interest applicable to the amount of the Credit to which a Conversion applies, as determined by the

Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).

- 61. "Fixed Spread" means the Association's fixed spread for the initial Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.09(e), that is applicable to an amount of the Withdrawn Credit Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Association's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.03, "Fixed Spread" means the Association's fixed spread for the Credit Currency as reasonably determined by the Association on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Credit Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.
- 62. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.08(a).
- 63. "Grant" means the portion of the Financing specified in the Financing Agreement as a grant.
- 64. "Grant Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Grant is credited.
- 65. "Installment Share" means the percentage of the total principal amount of the Financing payable on each Principal Payment Date as specified in a Commitment-linked Amortization Schedule.
- 66. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.04 or Section 3.09.
- 67. "Interest Hedge Transaction" means, for an Interest Rate Conversion, one or more interest rate swap transactions entered into by the Association with a Counterparty as of the Execution Date and in accordance with the Conversion Guidelines, in connection with the Interest Rate Conversion.
- 68. "Interest Period" means the initial period from and including the date of the Financing Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 69. "Interest Rate Cap" means, with respect to all or any amount of the Withdrawn Credit Balance, a ceiling that sets an upper limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that

accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.

- 70. "Interest Rate Collar" means, with respect to all or any amount of the Withdrawn Credit Balance, a combination of a ceiling and a floor that sets an upper and a lower limit: (a) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Fixed Spread, for the Variable Rate; or (b) in respect of any portion of the Credit that accrues interest at a Variable Rate based on a Reference Rate and the Variable Spread, for the Reference Rate.
- 71. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Credit Balance: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or (d) Automatic Rate Fixing Conversion.
- 72. "Legal Agreement" means the Financing Agreement, the Program Agreement, or the Subsidiary Agreement. "Legal Agreements" means collectively, all of such agreements.
- 73. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Credit Currency for six (6) months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
- 74. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
- 75. "Local Currency" means an Approved Currency that is not a major currency, as reasonably determined by the Association.
- 76. "Maturity Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which the Disbursed Amount is withdrawn.
- 77. "Maximum Commitment Charge Rate" means the maximum rate specified in the Financing Agreement at which the Association may set the Commitment Charge pursuant to Section 3.02.
- 78. "Member Country" means the member of the Association which is the Recipient or the guarantor.
- 79. "Non-concessional Financing" means any Financing deemed by the Association to be on non-concessional terms, as more particularly specified in the Financing Agreement.
- 80. "Original Credit Currency" means the currency of denomination of the Credit as

defined in Section 3.19(a).

- 81. "Payment Currency" means: (i) for Credits and Grants denominated in SDR, the Currency specified in the Financing Agreement; and (ii) for all other Credits, the Credit Currency.
- 82. "Payment Date" means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges, Interest Charges or Commitment Charges are payable, as applicable.
- 83. "Preparation Advance" means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.
- 84. "Principal Payment Date" means each date specified in the Financing Agreement on which an installment of the principal amount of the Credit is payable.
- 85. "Program" means the program described in the Financing Agreement, for which the Financing is extended, as the description of such program may be amended from time to time by agreement between the Recipient and the Association.
- 86. "Program Agreement" means the agreement between the Association and the Program Implementing Entity relating to the implementation of all or part of the Program, as such agreement may be amended from time to time. "Program Agreement" includes these General Conditions as applied to the Program Agreement, and all appendices, schedules and agreements supplemental to the Program Agreement.
- 87. "Program Expenditure" means an expenditure that meets the requirements of Section 2.03.
- 88. "Program Implementing Entity" means a legal entity (other than the Recipient) which is responsible for implementing all or a part of the Program and which is aparty to the Program Agreement or the Subsidiary Agreement.
- 89. "Program Implementing Entity's Representative" means the Program Implementing Entity's representative specified in the Program Agreement for the purpose of Section 11.02(a).
- 90. "Program Fiduciary, Environmental and Social Systems" means the systems referred to in Section 5.01(b).
- 91. "Program Report" means each report on the Program to be prepared and furnished to the Association for the purpose of Section 5.08 (b).
- 92. "Public Assets" means assets of the Recipient, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or

exchange stabilization fund, or similar functions, for the Recipient.

- 93. "Recipient" means the member of the Association which is a party to the Financing Agreement and to which the Financing is extended.
- 94. "Recipient's Representative" means the representative of the Recipient specified in the Financing Agreement for the purpose of Section 11.02.
- 95. "Reference Rate" means, for any Interest Period:
- (a) for USD, JPY, and GBP, LIBOR for the relevant Credit Currency. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal London office of each of four (4) major banks to provide a quotation of the rate at which it offers sixmonth deposits in the relevant Credit Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in the relevant Credit Currency to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for the relevant Credit Currency for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it;
- (b) for EUR, EURIBOR. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal Euro Area office of each of four (4) major banks to provide a quotation of the rate at which it offers six-month deposits in EUR to leading banks in the Euro Area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two (2) such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two (2) quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four (4) major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in EUR to leading banks for six (6) months. If less than two (2) of the banks so selected are quoting such rates, the Reference Rate for EUR for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;
- (c) if the Association determines that LIBOR (in respect of USD, JPY, and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, such other comparable reference rate for the relevant currency as the Association shall determine pursuant to Section 3.09(c); and
- (d) for any currency other than USD, EUR, JPY, or GBP: (i) such reference rate for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii)

in the case of a Currency Conversion to such other currency, such reference rate as shall be determined by the Association in accordance with the Conversion Guidelines and notice thereof given to the Recipient in accordance with Section 4.02 (c).

96. "Reference Rate Reset Date" means:

- (a) for USD, JPY and GBP, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) London Banking Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date for a Currency Conversion of an amount of the Unwithdrawn Credit Balance to any of USD, JPY or GBP falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) London Banking Days prior to the Conversion Date);
- (b) for EUR, the day two (2) TARGET Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Financing Agreement is signed, whichever day immediately precedes the date of the Financing Agreement; provided that if the date of the Financing Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two (2) TARGET Settlement Days prior to the date of the Financing Agreement; and (ii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Credit Balance to EUR falls on a day other than a Payment Date, the initial Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date for the Approved Currency shall be the day two (2) TARGET Settlement Days prior to the Conversion Date);
- (c) if, for a Currency Conversion to an Approved Currency, the Association determines that market practice for the determination of the Reference Rate Reset Date is on a date other than as set forth in sub-paragraphs (a) or (b) of this Section, the Reference Rate Reset Date shall be such other date as provided in the Conversion Guidelines, or as agreed by the Association and the Recipient for such Conversion; and
- (d) for any currency other than USD, EUR, JPY and GBP: (i) such day for the initial Credit Currency as shall be specified or referred to in the Financing Agreement; or (ii) in the case of a Currency Conversion to such other currency, such day as shall be determined by the Association and notice thereof given to the Recipient in accordance with Section 4.02 (c).
- 97. "Relevant Rate Page" means the display page designated by an established

financial market data provider selected by the Association as the page for the purpose of displaying the Reference Rate for deposits in the Credit Currency.

- 98. "Respective Part of the Program" means, for the Recipient and for any Program Implementing Entity, the part of the Program specified in the Legal Agreements to be carried out by it.
- 99. "Screen Rate" means with respect to a Conversion, such rate as determined by the Association on the Execution Date taking into account the applicable interest rate, or a component thereof, and market rates displayed by established information vendors in accordance with the Conversion Guidelines.
- 100. "Service Charge" means the charge specified in the Financing Agreement for the purpose of Section 3.03.
- 101. "Special Drawing Right" and "SDR" each means the special drawing right of the International Monetary Fund as valued by it in accordance with its Articles of Agreement.
- 102. "Specific Provision" has the meaning defined in Section 1.01(b) above.
- 103. "Sterling", "£" or "GBP" each means the lawful currency of the United Kingdom.
- 104. "Subsidiary Agreement" means the agreement that the Recipient enters into with the Program Implementing Entity setting forth the respective obligations of the Recipient and the Program Implementing Entity with respect to the Program.
- 105. "Substitute Credit Currency" means the substitute currency of denomination of a Credit referred as defined in Section 3.19(a).
- 106. "TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer system is open for the settlement of EUR.
- 107. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Legal Agreement or imposed after that date.
- 108. "Umpire" means the third arbitrator appointed pursuant to Section 9.03 (c).
- 109. "Unwinding Amount" means, for the early termination of a Conversion: (a) an amount payable by the Recipient to the Association equal to the net aggregate amount payable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount; or (b) an amount payable by the Association to the Recipient equal to the net aggregate amount receivable by the Association under transactions undertaken by the Association to terminate the Conversion, or if no such transactions are undertaken, an

amount determined by the Association on the basis of the Screen Rate, to represent the equivalent of such net aggregate amount.

- 110. "Variable Rate" means (a) a variable rate of interest equal to the sum of: (1) the Reference Rate for the initial Credit Currency; plus (2) the Variable Spread, if interest accrues at a rate based on the Variable Spread, or the Fixed Spread if interest accrues at a rate based on the Fixed Spread, and (b) in case of a Conversion, such variable rate as determined by the Association in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c).
- 111. "Variable Spread" means, for each Interest Period: (a)(1) the Association's standard lending spread for Credits in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Financing Agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate for six-month deposits, in respect of the Association's outstanding borrowings or portions thereof allocated by it to fund credits that carry interest at a rate based on the Variable Spread; and (3) plus a maturity premium, as applicable; as reasonably determined by the Association and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Association in accordance with Conversion Guidelines and notified to the Recipient pursuant to Section 4.02 (c). In the case of a Credit denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies.
- 112. "Unwithdrawn Credit Balance" means the amount of the Credit remaining unwithdrawn from the Credit Account from time to time.
- 113. "Unwithdrawn Financing Balance" means the amount of the Financing remaining unwithdrawn from the Financing Account from time to time.
- 114. "Unwithdrawn Grant Balance" means the amount of the Grant remaining unwithdrawn from the Grant Account from time to time.
- 115. "Withdrawn Credit Balance" means the amounts of the Credit withdrawn from the Credit Account and outstanding from time to time.
- 116. "Withdrawn Grant Balance" means the amounts of the Grant withdrawn from the Grant Account and outstanding from time to time.
- 117. "Yen", "\forall" and "JPY" each means the lawful currency of Japan.

ANNEX G

Revisions to OP 14.10

This Operational Policy was revised to reflect the current IBRD and IDA General Conditions that took effect on July 1, 2005 and updated BP 14.10, Annexes A, B, and B1. This Operational Policy was revised to reflect the current IBRD and IDA General Conditions that took effect in July 2017 and updated BP 14.10.

Questions may be addressed to the Director, Development Data Group, DEC.

5. At each loan/credit signing, the country provides a Letter on financial and Economic Data.6

Revisions to OP 7.00

15. Supplemental Letters. A supplemental letter may be used to (a) elaborate on a particular covenant or provisions of the General Conditions; or (b) contain representations made by the borrower, the guarantor, or the implementing entity at the time the loan is made. A supplemental letter specifying the member's obligation to provide information about its financial and economic condition15 is signed for each loan. A supplemental letter including representations regarding the financial condition of the borrower (other than a member) or party to the Project Agreement is normally signed for each loan. A supplemental letter should not be used to create obligations additional to those reflected in the Loan Agreement.

Changes to OP 7.20

Operational Manual OP 7.20 - Security Arrangements

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

OP 7.20 July 2017

This Operational Policy statement was revised in July 2017 to take into account the insertion of a negative pledge provision into the IDA General Conditions for Financing in respect of non-concessional financing, with effect as of July 6, 2017.

Note: This OP replaces OP 7.20 dated July 1998. Questions on the aspects touching on IBRD should be addressed to the Chief Counsel, Corporate Finance, while aspects touching on IDA should be addressed to the Chief Counsel, Development Finance.

Revised July 2017

- 1. For loans to member countries or government-owned entities, IBRD does not require security except: (a) when a project/program cofinancier is granted security; (b) through operation of IBRD's negative pledge clause; or (c) when it makes a loan to a non-creditworthy member or to a governmental entity of such a member.
- 2. For loans to private borrowers, IBRD may take some form of security in addition to the guarantee of the applicable IBRD member, if such security is required under the circumstances and its value would not be greatly undermined by sharing arrangements or negative pledge clauses in favor of other creditors.
- 3. The recommendation on whether to seek security for a loan is made by the country director concerned in consultation with the relevant chief counsel and the Credit Risk Department.
- 4. For IDA non-concessional financing², IDA requires security through operation of IDA's negative pledge clause.

Negative Pledge Clause

5. The General Conditions for IBRD Financing and the sections in the General Conditions for IDA Financing applicable to IDA non-concessional financing include a negative pledge provision that limits the creation of security in favor of other creditors over assets of borrowing entity and, where the borrower is not the member country, assets of the member country concerned (including assets of subdivisions of the member, entities owned or controlled by the member, and entities operating on the member's account or for its benefit). The negative pledge provision does not prohibit the creation of security in favor of other creditors. Instead, it prohibits the establishment of a priority for other debts over the debt due to IBRD or IDA, respectively, by requiring that IBRD or IDA, respectively, ratably share in security created in favor of other creditors.

Applicability

- 6. When the borrower or guarantor is a member, the negative pledge clause applies to any security over public assets that results in a priority in the use of foreign exchange for the benefit of external creditors. When the borrower is not the member, the clause applies to any security on any assets of the borrower as security for any debt.
- 7. The negative pledge clause does not apply to security on property for the payment of the purchase price of the property (or for the payment of debt incurred to finance the purchase of such property), or to security arising in the ordinary course of banking transactions for a debt maturing not more than one year after the date on which it was originally incurred.

Waiver

8. In exceptional cases, upon request, IBRD or IDA, as applicable, may grant a waiver in respect of the negative pledge clause. A proposed waiver must be recommended by the country director, through the Regional vice president (in consultation with the Vice President and General Counsel and the Director, Credit Risk Department), to the Managing Director (MD) concerned. The proposed waiver is then submitted to the Board for approval. In exceptional circumstances in which the assets subject to the security are considered to have no material effect on the country's ability to service IBRD or IDA debt (as applicable), the MD's approval is sufficient.

Security as Condition of Effectiveness

- 9. When IBRD or IDA requires security, the completion of the security arrangements is normally a condition of effectiveness of the IBRD Loan and Guarantee Agreements or the relevant IDA legal agreements, respectively.
- 10. If a member requires, as a condition for the effectiveness of the member's guarantee to IBRD, security to secure the borrower's obligations to the member in respect of the guarantee, the completion of such security arrangements is a condition of effectiveness of the Loan and Guarantee Agreements. IBRD does not require that it share in such security or that equivalent security be provided to it.
 - In this statement, "security" means a mortgage, pledge, charge, privilege, or priority of any kind.
 See also the term "lien" in the relevant General Conditions for IBRD Financing and General Conditions for IDA Financing, which is defined in the same manner.
 - IDA non-concessional financing means any financing deemed by IDA to be on non-concessional terms, as more particularly specified in the relevant Financing Agreement. For IDA-only non-gap countries, the negative pledge clause shall only be applied as of July 1, 2018.
 - 3. See Article VI of the General Conditions for IBRD Financing and Article VII of the General Conditions for IDA Financing. When IBRD provides guarantees, the negative pledge clause is normally included in the indemnity agreements between the member country concerned and IBRD, so that the member's payment obligations to IBRD under such agreements are the same as the member's payment obligations under loan and guarantee agreements with IBRD. If IDA's negative pledge clause is applicable, then the same approach is taken when IDA provides guarantees
 - 4. Staff should refer to the Board paper, *IBRD's Negative Pledge Policy with Respect to Debt and Debt Service Reduction* Operations (R90-151) July 19, 1990.