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IDA/M2008-0011

April 24, 2008

**For meeting of
Board: Thursday, May 8, 2008**

FROM: Vice President and Corporate Secretary

**Minutes of Meeting of the Executive Directors of the Bank and IDA
held in the Board Room on Tuesday, February 12, 2008, at 10:03 a.m.**

1. There were present:

CHAIRMAN:

V. La Via, Chief Financial Officer

EXECUTIVE DIRECTORS AND ALTERNATES ACTING AS EXECUTIVE DIRECTORS:

S. Aass	J. Hagan
A. Almofadhi	M. Hofmann
G. Alzetta	M. Kanda (Alternate)
M. Amr (Alternate)	A. Kohler (Alternate)
G. Berger (Temporary Alternate)	D. Kumar
V. Carpintieri (Temporary Alternate)	I. Lightbourne (Alternate)
C. Chuka (Temporary Alternate)	M. Mordasini
M. Deraman	N. Mota Pinto (Alternate)
A. Dias (Alternate)	K. Panov (Temporary Alternate)
C. Doltu (Alternate)	S. Shah
J. Familiar	R. Studart
A. Gibbs	Y. Yang (Alternate)

ALTERNATES NOT ACTING AS EXECUTIVE DIRECTORS:

S. Dib	C. Suteethorn
Z.A. Khan	R. Von Kleist
M. Nemli	

OFFICERS AND STAFF PARTICIPATING:

K. Kodera, Acting Corporate Secretary J. Herlihy, Director, FINCF
S. White, Deputy General Counsel, LEGVP I. Abousleiman, BDM
K. Lay, Vice President and Treasurer, TREVP A. Walsh, Corporate Secretariat
M. Diop, Director, LCRVP

Minutes of Previous Meeting

2. The Executive Directors approved the minutes of the meeting held on November 13, 2007 (M2007-0075[IDA/M2007-0075]).

Proposal to Extend Maturity Limits for New IBRD Loans and Guarantees and to Simplify and Consolidate IBRD Loans into a Unified Single Product Line

3. The Executive Directors considered the President’s Memorandum entitled “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, dated January 18, 2008) and approved the recommendations in paragraph 16 of the Memorandum, namely that:

- (i) the average maturity limits for all new IBRD loans and guarantees^{1/} be extended and unified into a single average maturity limit of up to 18 years and a final maturity limit of up to 30 years, as described in paragraphs 2-6 of the Memorandum;
- (ii) the FSL and VSL be consolidated into a unified product line that would provide all borrowers access to the embedded loan conversion options and the ability to customize repayment streams at loan inception, as described in paragraphs 8-14 of the Memorandum;
- (iii) the International Bank for Reconstruction and Development General Conditions for Loans, dated July 1, 2005 (as amended through October 17, 2007), be amended substantially in the form attached as Annex E to the Memorandum and as Attachment 1 to these Minutes;
- (iv) the new maturity limits under (i) above and the consolidation of the FSL and the VSL into one product line under (ii) above apply to loans, and guarantees in the case of (i) above, approved by the Executive Directors on or after the date of approval of these recommendations; provided that, for loans negotiated before that date but not yet approved, the borrower be given the opportunity to change the loan terms either prior to or after the date of Board presentation for such loan, but in any event not later than June 30, 2008.

^{1/} In the case of guarantees average maturity calculations will be subject to the type and structure of the guarantee.

Additional Financing (Loan) to the State of Rio de Janeiro, with the Guarantee of Brazil - Rio de Janeiro Mass Transit Project

4. The Executive Directors approved the additional financing (loan) to the State of Rio de Janeiro, with the guarantee of the Federative Republic of Brazil, for a Rio de Janeiro Mass Transit Project in the amount of US\$44 million on the payment terms and other terms and conditions set out in the President's Memorandum and the Project Paper (R2008-0011, dated January 24, 2008).

Date of Next Meeting

5. It was agreed to hold a meeting of the Executive Directors of the Bank and IDA on Thursday, February 14, 2008.

Adjournment

6. The meeting and adjourned at 10:38 a.m.

Attachment 1

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

Attachment 1

**Amendments to
General Conditions for Loans
(approved on February 12, 2008)**

1. Paragraphs (a), (b) and (c) of Section 3.02. (*Interest*) are amended to read as follows:

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 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 Withdrawn 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 and these General Conditions, 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.

2. Paragraph (a) of Section 3.04. (*Prepayment*) is amended to read as follows:

Section 3.04. *Prepayment*

(a) After giving not less than forty-five 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 ("Disbursed Amounts"), the prepayment shall be applied in the inverse order of the 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.

3. Paragraph (a) of Section 3.07. (*Currency of Payment*) is amended to read as follows:

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.

4. Section 4.01. (*Conversions Generally*) is amended to read as follows:

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 Loan Agreement 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) 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 these General Conditions, 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.

(c) Except as otherwise provided in the Conversion Guidelines, 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 Execution Date. Transaction fees provided for under this paragraph shall be payable not later than sixty days after the Execution Date.

5. A new Section 4.02. is added to read as follows; the subsequent Sections of Article IV are renumbered accordingly; and all references to such renumbered Sections are similarly renumbered.

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

If the Bank accepts a request for a Conversion of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread, the Conversion shall be effected first by fixing the Variable Spread applicable to such amount into the Fixed Spread for the Loan Currency and adding to such Fixed Spread the Variable Spread Fixing Charge, followed immediately by the Conversion requested by the Borrower.

6. Section 7.05. (*Application of Cancelled Amounts to Maturities of the Loan*) is deleted in its entirety; the subsequent Sections of Article VII are renumbered accordingly; and all references to such renumbered Sections are similarly renumbered.

7. Section 7.07. (former Section 7.08) (*Acceleration during a Conversion Period*) is amended to read as follows:

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: (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.

8. The following definitions, set forth in the Appendix are either amended or added to read as follows; the definitions of “Fixed Spread Loan” and “Variable Spread Loan” are deleted in their entirety; and the remaining definitions are renumbered accordingly:

21. “Conversion Guidelines” means, for a Conversion, the “Guidelines for Conversion of Loan Terms” issued from time to time by the Bank and in effect at the time of the Conversion.

28. “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 LIBOR plus the Fixed Spread plus one half of one percent (0.5%).

43. “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; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (d), 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 fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency in effect at 12:01 a.m. Washington, D.C. time on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance pursuant to Section 4.04 (a), the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

58. “LIBOR Reset Date” means:

- (a) for any Loan Currency other than Euro, 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 LIBOR Reset Date shall be the day two London Banking 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 any Approved Currency other than Euro falls on a day other than a Payment Date, the initial LIBOR 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 LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);

- (b) for Euro, 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 LIBOR 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 Euro falls on a day other than a Payment Date, the initial LIBOR 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 LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the Conversion Date); and
- (c) notwithstanding sub-paragraphs (a) and (b) of this paragraph, if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the LIBOR Reset Date is on a date other than as set forth in said sub-paragraphs, the LIBOR Reset Date shall be such other date, as further specified in the Conversion Guidelines.

63. "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.

89. "Variable Rate" means a variable rate of interest equal to the sum of: (1) LIBOR 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; provided, that:

- (a) upon an Interest Rate Conversion from the Fixed Rate, the "Variable Rate" applicable to the amount of the Loan to which the Conversion applies shall be equal to either: (i) the sum of: (A) LIBOR for the Loan Currency; plus (B) the spread to LIBOR, if any, payable by the Bank under the Interest Hedge Transaction relating to the Conversion (adjusted in accordance with the Conversion Guidelines for the difference, if any, between the Fixed Rate and the fixed rate of interest receivable by the Bank under the Interest Hedge Transaction); or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the Screen Rate;
- (b) upon a Currency Conversion to an Approved Currency of an amount of the Unwithdrawn Loan Balance, and upon withdrawal of any of such amount, the "Variable Rate"

applicable to such amount shall be equal to the sum of: (i) LIBOR for the Approved Currency; plus (ii) the Variable Spread if such amount accrues interest at a rate based on the Variable Spread, or the Fixed Spread if such amount accrues interest at a rate based on the Fixed Spread; and

- (c) upon a Currency Conversion to an Approved Currency of an amount of the Withdrawn Loan Balance that accrues interest at a variable rate during the Conversion Period, the “Variable Rate” applicable to such amount shall be equal to either: (i) the sum of (A) LIBOR for the Approved Currency; plus (B) the spread to LIBOR, if any, payable by the Bank under the Currency Hedge Transaction relating to the Currency Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the interest rate component of the Screen Rate.

90. “Variable Spread” means, for each Interest Period: (1) the Bank’s standard variable 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) LIBOR, or other reference rates, 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; as reasonably determined by the Bank and expressed as a percentage per annum. In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.

91. “Variable Spread Fixing Charge” means, for a Conversion of all or any portion of the Loan that accrues interest at a rate based on the Variable Spread, the Bank’s charge for such a Conversion in effect 12:01 a.m. Washington, D.C. time, one calendar day prior to the execution of the Conversion.