

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

December 16<sup>th</sup>, 2011

His Excellency  
Alfredo del Cid Pinillos  
Minister of Public Finance  
8a. Av. 20-87, Zona 1, Nivel 18  
Edificio de Finanzas Públicas  
Guatemala 1, Guatemala

Re: Re: Loan No. 7988-GT (Emergency Support to Social Services Project)

Excellency:

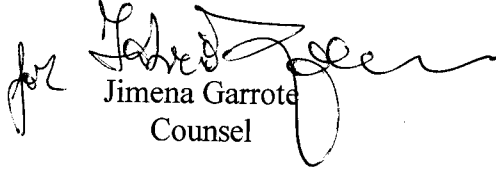
Enclosed are the following documents regarding the above-mentioned Loan which are delivered to you as the authorized representative of the Republic of Guatemala (the Borrower):

1. One signed copy of the Loan Agreement between the Republic of Guatemala and International Bank for Reconstruction and Development).
2. One signed copy of each of the Supplemental Letters Re: (a) Financial and Economic Data; and (b) Additional Instructions: Disbursement Letter.
3. One copy of the International Bank for Reconstruction and Development General Conditions for Loans dated July 31, 2010.
4. One copy each of: (a) the Guidelines for the Selection and Employment of Consultants by World Bank Borrowers, dated May 2004 and revised in October 2006 and May 2010; and (b) the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006.

The effectiveness deadline is as set forth in Section 4.02 of the Loan Agreement which states the following: Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on June 8, 2012.

Please confirm on behalf of the Recipient receipt of the documents listed above by signing the enclosed copy of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jimena Garrote". The signature is fluid and cursive, with a long horizontal flourish extending to the right. To the left of the main signature, there is a smaller, vertical handwritten mark that looks like "for".

Jimena Garrote  
Counsel

LOAN NUMBER 7988-GT

# Loan Agreement

(Emergency Support to Social Services Project)

between

REPUBLIC OF GUATEMALA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated December 16<sup>th</sup>, 2011

## LOAN AGREEMENT

Agreement dated December 16<sup>th</sup>, 2011, between REPUBLIC OF GUATEMALA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix 1 to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix 1 to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million Dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, 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 interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal or exceed ten million Dollars (\$10,000,000 ) shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through MINFIN, in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Operational Manual has been issued by the Borrower.
- 4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on June 8, 2012.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is its Minister of Public Finance.

- 5.02. The Borrower's Address is:

Ministerio de Finanzas Públicas  
8a Avenida y 21 Calle  
Centro Cívico, Zona 1  
Guatemala, Guatemala, C.A.

Telephone:

(502) 23228888

Facsimile:

(502) 23228888 Ext. 11845

- 5.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423(MCI) or  
64145(MCI)

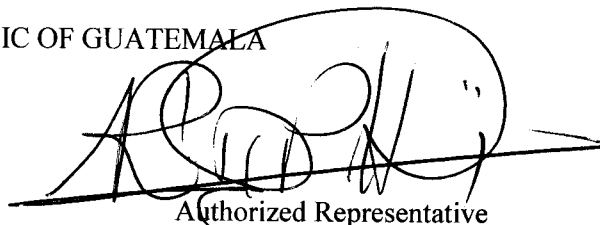
Facsimile:

1-202-477-6391

AGREED at San Salvador, El Salvador, as of the day and year first above written.

REPUBLIC OF GUATEMALA

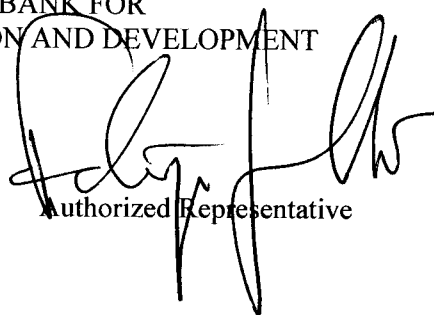
By



Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to preserve health and education services following severe flooding and other natural disasters that took place in the territory of the Borrower between May and September 2010.

The Project consists of the following parts:

#### **Part A. Preserving Basic Education Services**

Supporting the Recovery Plan by preserving Basic Education services for vulnerable children living in Selected Municipalities, through the financing of Salaries of teachers and Facilitators.

#### **Part B. Preserving Coverage of Health Care Services**

Supporting the Recovery Plan by preserving the three levels of health care and emergency services (primary, secondary and tertiary) in Selected Municipalities, through the financing of Salaries of Health Care Workers.

#### **Part C. Project Management and Monitoring**

Supporting DCP in the coordination of the administrative and financial management aspects of the Project, through the financing of consultants' services, including the financing of Project audits.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Overall Project Implementation and Coordination

1. The Borrower, through MINFIN, shall:
  - (a) maintain at all times during Project implementation the DCP as the Project coordination unit with staff with qualifications, experience, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility to assist the Borrower in the coordination, implementation, monitoring and supervision of the Project.
  - (b) ensure, until the completion of the Project, the efficient coordination between: (i) the DCP and MINEDUC with respect to Part A of the Project, including, *inter alia*, the responsibility of MINEDUC to submit the financial information required for the Borrower to comply with its obligations under this Agreement; and (ii) the DCP and MSPAS with respect to Part B of the Project, including, *inter alia*, the responsibility of MSPAS to submit the financial information required for the Borrower to comply with its obligations under this Agreement.

##### B. Operational Manual

1. The Borrower shall carry out the Project in accordance with an operational manual, acceptable to the Bank (the "Operational Manual"), said manual to include, *inter alia*:
  - (a) Project implementation procedures and guidelines and other related documents required for the execution of the Project;
  - (b) disbursement arrangements and flow of Project funds;
  - (c) monitoring indicators, including the procedures for the monitoring and evaluation of the Project, including the provisions of Section II of Schedule 2 to this Agreement;
  - (d) the procedures to ensure, until the completion of the Project, efficient coordination among DCP and MINEDUC and MSPAS;

- (e) the procedures for the review and approval of Loan withdrawal applications by the Bank;
  - (f) measures to ensure that indigenous peoples will have access to health and education services in a culturally appropriate manner; and
  - (g) the environmental management framework referred in Section D.1. (b) below.
2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
  3. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Borrower shall:
  - (a) by no later than December 31, 2010 include specific activities in the Operational Manual ensuring that indigenous peoples will have access to health and education services in a culturally appropriate manner.
  - (b) by no later than December 31, 2010 adapt the EMF, in a manner satisfactory to the Bank, including, *inter alia*: (i) the mechanisms to strengthen compliance with national standards for health care waste management; (ii) the development of action plans to ensure compliance with the Borrower's regulations; and (iii) measures to address the gaps in implementation or quality of implementation of the EMF.

**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to

the Bank not later than one month after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six months following the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower, through MINFIN, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than one month after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower, through MINFIN, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Consultants' Services.** All consultants' 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 Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Selection based on the Consultants' Qualifications
(c) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants (IC)
(d) Single Source Selection (SSS)

**C. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Salaries of teachers and Facilitators under Part A of the Project	70,000,000	100%
(2) Salaries of Health Care Workers under Part B of the Project	29,650,000	100%
(3) Consultants' services under Part C of the Project	100,000	100%
(4) Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>100,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$40,000,000 equivalent may be made for payments made prior to this date but on or after May 27, 2010 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures under Categories (1) and (2).
2. The Closing Date is June 30, 2012.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have 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 by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each February 15 and August 15 Beginning August 15, 2019 through August 15, 2036	2.78%
On February 15, 2037	2.70%

2. 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 paragraph 1 of this Schedule.
  - (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 table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) 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 referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3.
  - (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 sub-paragraph (a) 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 such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance 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 by multiplying such amount 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.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX 1

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix 1.
2. “Basic Education” means primary (i.e., grades 1 through 6) and lower-secondary (i.e., grades 7 through 9) education levels.
3. “Budgetary Classifications for the Public Sector Manual” means *Manual de Clasificaciones Presupuestarias para el Sector Público de Guatemala*, dated January 2008 and published by MINFIN on the Borrower’s website ([www.minfin.gob.gt](http://www.minfin.gob.gt)), as amended by Ministerial Decree No. 85-2009 dated December 30, 2009.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Civil Service Law” means *Ley de Servicio Civil*, Decree No. 1748, dated May 2, 1968 and published in the Borrower’s Official Gazette on May 23, 1968, as amended through October 14, 1975.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “DCP” means *Dirección de Crédito Público*, the Borrower’s Public Credit Directorate, a unit within the Borrower’s MINFIN referred to in Section I.A.1 of Schedule 2 to this Agreement.
8. “EMF” means the Environmental Management Framework prepared for the Maternal and Infant Health and Nutrition Project (7357-GU), disclosed to the public on November 28, 2005, as amended with the prior approval of the Bank.
9. “Facilitators” means permanent civil servant staff of MINEDUC in charge of facilitating the implementation of flexible modalities for lower secondary education (*Telesecundaria*), as described in Part 2.2 of the Project financed under the Loan Agreement dated April 12, 2008 between the Borrower and the Bank in support of the Education Quality and Secondary Education Project (7430-GU), as amended.



10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix 1.
11. “Health Care Workers” means the personnel providing public health care services in the Selected Municipalities.
12. “MINEDUC” means *Ministerio de Educación*, the Borrower’s Ministry of Education.
13. “MINFIN” means *Ministerio de Finanzas Públicas*, the Borrower’s Ministry of Public Finance.
14. “MSPAS” means *Ministerio de Salud Pública y Asistencia Social*, the Borrower’s Ministry of Public Health and Social Welfare.
15. “Municipality” means *Municipio*, a political subdivision of the Borrower.
16. “Operational Manual” means the Borrower’s manual referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.
17. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 10, 2010 and referred to in paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
18. “Recovery Plan” means *Plan de Reconstrucción con Transformación*, the Borrower’s plan for recovery and reconstruction in response to the severe flooding and other natural disasters that took place in the territory of the Borrower between May and September 2010, dated October 11, 2010 and published by SEGEPLAN on the Borrower’s website ([www.segeplan.gob.gt](http://www.segeplan.gob.gt)).
19. “Salaries” means a reasonable fixed monthly payment made in exchange for the services rendered by civil servants of the Borrower working as teachers, Facilitators and/or Health Care Workers which: (i) have not been financed or agreed to be financed by any national or international financing institution or agency other than the Bank or the Association; and/or (ii) have not been financed or agreed to be financed by the Bank or the Association under another loan, credit, or grant, all of this in accordance with the Civil Service Law, the Salaries for the Public Administration Law, and the Budgetary Classifications for the Public Sector Manual.

20. "Salaries for the Public Administration Law" means *Ley de Salarios de la Administración Pública*, Decree No. 11-73, dated March 2, 1973 and published in the Borrower's Official Gazette on March 7, 1973, as amended through December 27, 1985.
21. "SEGEPLAN" means *Secretaría de Planificación y Programación de la Presidencia*, the Borrower's Secretary of Planning and Programming of the Presidency.
22. "Selected Municipalities" means the Borrower's poorest municipalities with high levels of extreme poverty listed in Appendix 2 to this Agreement, as said list may be amended from time to time in agreement with the Bank.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.05 is modified to read as follows:

“Section 2.05. Eligible Expenditures

... (a) the payment is for the financing of the reasonable cost of goods, works, services or Salaries required for the Project, to be financed out of the proceeds of the Loan and procured, all in accordance with the provisions of the Legal Agreements;”

2. The definition of the term “Conversion Date” in paragraph 20 of the Appendix to the General Conditions is modified to read as follows:

“‘Conversion Date’ means, for a Conversion, the Execution Date or such other date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that for a Conversion into the Approved Currency under Section 2. [08] of the Loan Agreement, 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.”

## **Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower,

individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings 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 individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

**APPENDIX 2**

**List of Selected Municipalities**

#	Department	Municipality	#	Department	Municipality
1	Sololá	Santa Cruz La Laguna	66	Alta Verapaz	Panzós
2	Sololá	Santiago Atitlán	67	Huehuetenango	Santa Eulalia
3	Quiché	San Bartolomé Jocotenango	68	Huehuetenango	San Mateo Ixtatán
4	Totonicapán	Santa Lucía La Reforma	69	Huehuetenango	Barillas
5	Chiquimula	Olopa	70	Alta Verapaz	Senahú
6	Chiquimula	San Juan Ermita	71	Alta Verapaz	Chahal
7	Totonicapán	Santa María Chiquimula	72	Alta Verapaz	Lanquín
8	Chiquimula	Jocotán	73	Huehuetenango	Todos Santos Cuchumatán
9	Chiquimula	Camotán	74	Huehuetenango	San Miguel Acatán
10	Alta Verapaz	Chisec	75	Alta Verapaz	Tamahú
11	Alta Verapaz	Raxruhá	76	Alta Verapaz	Tucurú
12	Alta Verapaz	Fray Bartolomé de las Casas	77	Quiché	Chajul
13	Alta Verapaz	Cahabón	78	Quiché	San Antonio Ilotenango
14	Totonicapán	Momostenango	79	Quiché	Zacualpa

#	Department	Municipality	#	Department	Municipality
15	San Marcos	San José Ojetenam	80	San Marcos	La Reforma
16	Huehuetenango	Tectitán	81	San Marcos	San Miguel Ixtahuacán
17	Sololá	Santa Clara La Laguna	82	Sololá	Santa Catarina Ixtahuacán
18	Sololá	San Juan La Laguna	83	Quiché	Joyabaj
19	Sololá	San Pablo La Laguna	84	Jalapa	San Pedro Pinula
20	Sololá	San Marcos La Laguna	85	Zacapa	La Unión
21	Huehuetenango	Cuilco	86	Alta Verapaz	Tactic
22	San Marcos	Tajumulco	87	Izabal	El Estor
23	Huehuetenango	Aguacatán	88	Izabal	Livingston
24	San Marcos	Sibinal	89	Huehuetenango	Santiago Chimaltenango
25	Huehuetenango	La Democracia	90	Quiché	Patzité
26	Huehuetenango	La Libertad	91	Quiché	Chinique
27	San Marcos	Tejutla	92	Quiché	San Juan Cotzal
28	Huehuetenango	San Idelfonso Ixtahuacán	93	Quiché	Nebaj
29	San Marcos	Concepción Tutuapa	94	Quetzaltenango	Cabricán
30	San Marcos	Comitancillo	95	Alta Verapaz	Santa Catalina La Tinta

#	Department	Municipality	#	Department	Municipality
31	Huehuetenango	San Pedro Necta	96	Alta Verapaz	Santa Cruz Verapaz
32	San Marcos	Ixchiguán	97	Sololá	San Lucas Tolimán
33	Totonicapán	San Bartolo Aguas Calientes	98	Quiché	Chichicastenango
34	Totonicapán	San Andrés Xecul	99	Quetzaltenango	Cajolá
35	Totonicapán	Totonicapán	100	Quetzaltenango	Palestina de Los Altos
36	Baja Verapaz	Rabinal	101	Quetzaltenango	San Martín Sacatepéquez
37	Baja Verapaz	Cubulco	102	Jutiapa	Yupiltepeque
38	Totonicapán	San Cristóbal Totonicapán	103	Jutiapa	Zapotitlán
39	Totonicapán	San Francisco El Alto	104	Jutiapa	El Adelanto
40	Petén	Sayaxché	105	Sololá	San José Chacayá
41	Quiché	Ixcán	106	Sololá	Sololá
42	Quiché	Sacapulas	107	Jalapa	Mataquescuintla
43	Quiché	Cunén	108	Baja Verapaz	San Miguel Chicaj
44	Quiché	San Pedro Jocopilas	109	Baja Verapaz	Purulhá
45	Quiché	San Andrés Sajcabajá	110	Huehuetenango	San Juan Ixcoy
46	Huehuetenango	San Sebastián Huehuetenango	111	Alta Verapaz	San Cristóbal Verapaz

#	Department	Municipality	#	Department	Municipality
47	Huehuetenango	San Rafael Pézcal	112	Alta Verapaz	Cobán
48	Huehuetenango	San Juan Atitán	113	Jalapa	Jalapa
49	Jalapa	San Carlos Alzatate	114	Retalhuleu	El Asintal
50	Jutiapa	Comapa	115	Huehuetenango	Nentón
51	Quetzaltenango	Huitán	116	Jutiapa	Moyuta
52	Jutiapa	Conguaco	117	Sololá	Concepción
53	Huehuetenango	San Gaspar Ixchil	118	Jutiapa	Jutiapa
54	Quiché	Uspantán	119	Petén	La Libertad
55	Huehuetenango	Santa Bárbara	120	Suchitepéquez	San Miguel Panán
56	Huehuetenango	Colotenango	121	Suchitepéquez	San Antonio Suchitepéquez
57	Sololá	San Antonio Palopó	122	Suchitepéquez	Chicacao
58	Quiché	Canillá	123	Santa Rosa	San Rafael Las Flores
59	Quiché	Chiché	124	Santa Rosa	San Juan Tecuaco
60	Quiché	Chicamán	125	Santa Rosa	Santa María Ixhutatán
61	Alta Verapaz	San Pedro Carchá	126	San Marcos	San Lorenzo
62	Huehuetenango	San Sebastián Coatán	127	San Marcos	Sipacapa



#	Department	Municipality	#	Department	Municipality
63	Huehuetenango	San Rafael La Independencia	128	San Marcos	Tacaná
64	Sololá	Nahualá	129	San Marcos	El Quetzal
65	Alta Verapaz	San Juan Chamelco	130	San Marcos	Nuevo Progreso

**REPUBLIC OF GUATEMALA**

December 16<sup>th</sup>, 2011

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Re: Loan No. 7988-GT  
(Emergency Support to Social Services Project)  
Article VI of the General Conditions  
Financial and Economic Data

Dear Sirs and Mesdames:

In connection with the Loan Agreement of this date between Republic of Guatemala (Member Country) and International Bank for Reconstruction and Development (Bank) providing a loan (Loan) for the above-captioned operation, and the General Conditions (General Conditions) made applicable to the Loan Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 6.01 of the General Conditions, the Member Country is required by the Bank to report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 (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 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) once a year, not later than March 31 of the year following the year covered by the report.

2. We represent that, except as otherwise notified to the Bank, no Liens (as defined in the General Conditions), other than those excluded pursuant to paragraph (c) of Section 6.02 of the General Conditions, exist on any Public Assets (as defined in the General Conditions), as security for any External Debt (as defined in the General Conditions). Except as otherwise notified to the Bank, no defaults exist in respect of any external public debt (as defined in the DSRM). It is our understanding that, in making the Loan, the Bank may rely on the representations set forth or referred to in this letter.

3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Bank sign in the space provided below.

Very truly yours,

**REPUBLIC OF GUATEMALA**

By

Authorized Representative

AGREED:

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

Authorized Representative

December 16<sup>th</sup>, 2011

His Excellency  
Alfredo del Cid Pinillos  
Minister of Public Finance  
8a. Av. 20-87, Zona 1, Nivel 18  
Edificio de Finanzas Públicas  
Guatemala 1, Guatemala

**Re: IBRD Loan 7988 –GT (Emergency Support to Social Services Project)**  
**Additional Instructions: Disbursement Letter**

Dear Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Republic of Guatemala (the “Borrower”) for the above-referenced project, dated December 16<sup>th</sup> 2011. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 7988-GT (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

**I. Disbursement Arrangements**

***(i) Disbursement Methods (section 2).*** The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment

***(ii) Disbursement Deadline Date (subsection 3.7).*** The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

***(iii) Disbursement Conditions (subsection 3.8).*** Please refer to the Disbursement Conditions in the Loan Agreement.

## **II. Withdrawal of Loan Proceeds**

**(i) Authorized Signatures (subsection 3.1).** A letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications for withdrawal:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: C. Felipe Jaramillo, Country Director

**(ii) Applications (subsections 3.2 - 3.3).** Please provide completed and signed Applications for withdrawal, together with supporting documents, to the address indicated below:

Banco Mundial  
Sector Comercial Norte  
Quadra 02, Lote A  
Edificio Corporate Finance Center  
7º andar  
70712-900 Brasilia, D.F.  
Brazil  
Attention: Loan Department

**(iii) Electronic Delivery (subsection 3.4)** The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

**(iv) Terms and Conditions of Use of Tokens to Process Applications.** By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of

Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

**(v) *Minimum Value of Applications (subsection 3.5).*** The Minimum Value of Applications for Direct Payments and Reimbursements are:

- USD \$600,000 equivalent for Part A of the Project implemented by the Ministry of Education (MINEDUC);
- USD \$400,000 equivalent for Part B of the Project implemented by the Ministry of Public Health and Social Welfare (MSPAS); and,
- USD \$50,000 equivalent for Part C of the Project implemented by the Ministry of Finance (MINFIN).

**(vi) *Advances (sections 5 and 6) for Part C of the Project.***

- ***Type of Designated Account (subsection 5.3):*** Pooled - in the Borrower’s Multilateral Single Treasury Account (MTSA) regulated under Ministerial Article 59-2007. However the records and bank reconciliation will reflect transaction activity of a segregated sub-account.
- 
- ***Currency of Designated Account (subsection 5.4):*** United States Dollars.
- ***Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):*** Banco Central de Guatemala.
- ***Ceiling (subsection 6.1):*** USD \$50,000.

### **III. Reporting on Use of Loan Proceeds**

**(i) *Supporting Documentation (section 4).*** Supporting documentation should be provided with each Application for withdrawal as set out below:

- ***For requests for Reimbursement:***
  - Summary Statement in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Consultant firms costing USD \$100,000 equivalent per contract or more; and
    - Individual consultants costing USD \$50,000 equivalent per contract or more;

- Customized Statement of Expenditure in the form attached (Attachment 5) for Part A & B of the Project; and
- Statement of Expenditure in the form attached (Attachment 6) for Part C of the Project.
- ***For reporting eligible expenditures paid from the Designated Accounts:***
  - Summary Statement in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Consultant firms costing USD \$100,000 equivalent per contract or more; and
    - Individual consultants costing USD \$50,000 equivalent per contract or more;
  - Customized Statement of Expenditure in the form attached (Attachment 5) for Part A & B of the Project;
  - Statement of Expenditure in the form attached (Attachment 6) for Part C of the Project; and
  - Designated Account Activity Statement in the form attached (Attachment 7) with a copy of the Designated Account Bank Statements.
- ***For requests for Direct Payment:***
  - Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

***(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Accounts (subsection 6.3):*** As required but not later than every three months.

#### **IV. Other Disbursement Instructions**

**Retroactive Financing.** Retroactive Financing will be available for payments made prior to the date of the Loan Agreement, except that withdrawals up to an aggregate amount not to exceed \$40,000,000 equivalent made for payments made on or after May 27, 2010 but no earlier than twelve months prior to the date of the Loan Agreement for Categories (1) & (2).

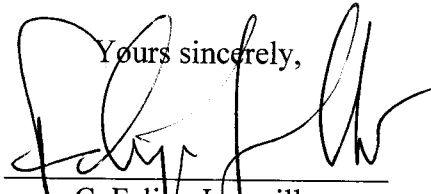
## **VI. Other Important Information**

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Printed copies are available upon request.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact the World Bank Loan Department by sending an email to [loalcr@worldbank.org](mailto:loalcr@worldbank.org) and naming the project and loan number in the subject line.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Felipe Jaramillo', written over a horizontal line.

C. Felipe Jaramillo  
Director

Central America Country Management Unit  
Latin America and the Caribbean Region



Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Sample Form for Authorized Signatures
3. Terms and Conditions of Use of Tokens
4. Sample Summary Statement (SS) for Parts C
5. Customized Statement of Expenditure for Parts A & B
6. Sample Statement of Expenditure (SOE) for Parts C
7. Sample Designated Account Activity Statement

Cc with copies:            Doctor Ludwing Ovalle Cabrera, Ministro de Salud Pública y  
Asistencia Social, [lovalle.pas@gmail.com](mailto:lovalle.pas@gmail.com),

Lic. Roberto Monroy, Viceministro de Educación,  
[jrmonroy@mineduc.gob.gt](mailto:jrmonroy@mineduc.gob.gt)

Prepared by:            Patricia Hoyes (CTRFC) - Sr. Finance Officer

Cleared with and cc:    Viviana Maya, Counsel  
David Gould -Task Team Leader  
Rashmi Shankar – Co Task Team Leader

**International Bank for  
Reconstruction and Development**

**General Conditions  
for  
Loans**

**Dated July 31, 2010**

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## **ARTICLE I**

### **Introductory Provisions**

#### *Section 1.01. Application of General Conditions*

These General Conditions set forth certain terms and conditions generally applicable to the Loan Agreement and to any other Legal Agreement. They apply to the extent the Legal Agreement so provides. 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, references in these General Conditions to the Project Implementing Entity and the Project Agreement shall be disregarded.

#### *Section 1.02. Inconsistency with Legal Agreements*

If any provision of any Legal Agreement is inconsistent with a provision of these General Conditions, the provision of the Legal Agreement shall govern.

#### *Section 1.03. Definitions*

Whenever used in these General Conditions or in the Legal Agreements (except as otherwise provided in the Legal Agreements), the terms set forth in the Appendix have the meanings ascribed to them 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 amounts of the Loan from the Loan Account in accordance with the provisions of the Loan Agreement and of these General Conditions.

(c) Each withdrawal of an amount of the Loan 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.

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 deliver to the Bank a written application in such form and substance as the Bank shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to Eligible Expenditures.

(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 must 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 will 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 these General Conditions and such additional instructions as the Bank may specify from time to time by notice to the Borrower. 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*

The Borrower and the Project Implementing Entity shall use the proceeds of the Loan exclusively to finance expenditures which, except as otherwise provided in the Loan Agreement, satisfy the following requirements ("Eligible Expenditure"):

(a) the payment is for the financing of the reasonable cost of goods, works or services required for the Project, to be financed out of the proceeds of the Loan and procured, all in accordance with the provisions of the 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 specified in the Loan Agreement, and except as the Bank may otherwise agree, is for expenditures incurred prior to 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 by 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 specified in the Loan Agreement, as required to ensure consistency with such policy of the Bank.

Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest*

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association ("Preparation Advance"), 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, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

(b) Except as otherwise provided in the Loan Agreement, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01.

(c) If the Loan Agreement provides for financing of interest and other charges on the Loan out of the proceeds of the Loan, 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. *Reallocation*

Notwithstanding any allocation of an amount of the Loan to a category of expenditures under the Loan Agreement, if the Bank reasonably determines at any time that such amount will be insufficient to finance such expenditures, it may, by notice to the Borrower:

(a) reallocate any other amount of the Loan which in the opinion of the Bank is not needed for the purpose for which it has been allocated under the Loan Agreement, to the extent required to meet the estimated shortfall; and

(b) if such reallocation will not fully meet the estimated shortfall, reduce the percentage of such expenditures to be financed out of the proceeds of the Loan, in order that withdrawals for such expenditures may continue until all such expenditures have been made.

**ARTICLE III**

**Loan Terms**

Section 3.01. *Front-end Fee*. The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

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 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 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.

(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*

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

#### 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.

(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, as the case may be, 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 not later than sixty days after the date of prepayment.

#### 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, 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 these General Conditions and 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 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 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 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 either: (i) payable as a lump sum not later than sixty days after the Execution Date; or (ii) expressed as a percentage per annum and added to the interest rate payable on each Payment Date.

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

A Conversion of all or any amount of the Loan that accrues interest at a rate based on the Variable Spread to a Fixed Rate or a Currency Conversion of such amount 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.

*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 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 in the Approved Currency 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 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 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.

(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 the Variable Rate: (i) 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 (ii) 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.

(c) *Interest Rate Cap or Collar Premium.* 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: (i) 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 (ii) otherwise as specified in the Conversion Guidelines. Such premium shall be payable by the Borrower not later than sixty days after the Execution Date.

(d) *Early Termination.* Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Interest Rate Cap or Interest Rate Collar by 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, as the case may be, 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 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 and these General Conditions.

Section 5.02. *Performance under the Loan Agreement and Project 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 in accordance with the provisions of the Project 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.

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 goods, works and services 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 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) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, or such earlier date as may be specified for that purpose in the Loan Agreement: (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) The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements (“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.

(b) The Borrower shall:

- (i) have the Financial Statements periodically audited in accordance with the Legal Agreements 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 Legal Agreements, 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; and

- (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.

#### 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.

## ARTICLE VI

### **Financial and Economic Data; Negative Pledge**

#### Section 6.01. *Financial and Economic Data*

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.

#### Section 6.02. *Negative Pledge*

(a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other External 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. To that end, if any Lien is created on any Public Assets as security for any External Debt, which will or might result in a priority for the benefit of the creditor of such External 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.

## ARTICLE VII

### **Cancellation; Suspension; 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.

(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.

(l) *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 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 7.05 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. 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 7.06. 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 or these General Conditions. 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 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 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, and such default continues for a period of sixty 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 proviso 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 sub-paragraph (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 7.07. *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.

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

Notwithstanding any cancellation, suspension 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 these General Conditions or 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 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 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 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 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 evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified in paragraphs (a) through (c) of this Section have been satisfied.

(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 or ratified by all necessary governmental and corporate action.

(b) If the Bank so requests, the condition of the Borrower (other than the Member Country) or of the Project Implementing Entity, as represented or warranted to the Bank at the date of the Legal Agreements, has undergone no material adverse change after such date.

(c) Each other 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*

As part of the evidence to be furnished pursuant to Section 9.01, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of

counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Member Country showing the following matters:

(a) on behalf of each Loan Party and the Project Implementing Entity, that the Legal Agreement to which it is a party has been duly authorized or ratified by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and

(b) each other matter specified in the Loan Agreement or reasonably requested by the Bank in connection with the Legal Agreements for the purpose of this Section ("Additional Legal Matter").

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 of its acceptance of the evidence required pursuant to Section 9.01 ("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 Full Payment*

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.

## ARTICLE X

### Miscellaneous Provisions

#### Section 10.01. *Notices and Requests*

Any notice or request required or permitted to be given or made 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 or by mail, telex or facsimile (or, if permitted under the Legal Agreement, by other electronic means) to the party to which it is required or permitted to be given or made at such party's address specified in the Legal Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail.

#### 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) for the purpose of this Section, or any person authorized in writing 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 required or permitted to be executed pursuant to such Legal Agreement, on behalf of such Loan Party (or the Project Implementing Entity, as the case may be).

(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 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 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.

Section 10.04. *Execution in Counterparts*

Each Legal Agreement may be executed in several counterparts, each of which shall be an original.

Section 10.05. *Disclosure*

The Bank may disclose the Legal Agreements and any 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. “Additional Legal Matter” means each matter specified in the Loan Agreement or requested by the Bank in connection with the Legal Agreements for the purpose of Section 9.02 (b).
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. “Assets” includes property, revenue and claims of any kind.
8. “Association” means the International Development Association.
9. “Bank” means the International Bank for Reconstruction and Development.
10. “Bank’s Address” means the Bank’s address specified in the Legal Agreements for the purpose of Section 10.01.
11. “Borrower” means the party to the Loan Agreement to which the Loan is extended.
12. “Borrower’s Address” means the Borrower’s address specified in the Loan Agreement for the purpose of Section 10.01.
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 later date as the Bank shall establish 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. "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.
20. "Conversion Date" means, for a Conversion, the Execution Date or such other date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines.
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.
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 Bank enters into a derivatives transaction in order to effect a Conversion.
24. “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.
25. “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.
26. “Currency Hedge Transaction” means, for a Currency Conversion, one or more Currency 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 Currency Conversion.
27. “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 31<sup>st</sup> 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.
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 Reference Rate plus the Fixed Spread plus one half of one percent (0.5%).



29. "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.
30. "Default Variable Rate" means the Variable Rate for the relevant Interest Period; it being understood that 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.
31. "Derivatives Agreement" means any derivatives agreement between the Bank and a Loan Party for the purpose of documenting and confirming one or more derivatives transactions between the Bank and such Loan Party, as such agreement may be amended from time to time. "Derivatives Agreement" includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.
32. "Disbursed Amount" means, for each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account during the Interest Period.
33. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
34. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 9.03 (a).
35. "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.
36. "Eligible Expenditure" means an expenditure the payment for which meets the requirements of Section 2.05 and which is consequently eligible for financing out of the proceeds of the Loan.
37. "EURIBOR" means for any Interest Period, the Euro interbank offered rate for deposits in Euro 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.

38. “Euro’, ‘€’ and ‘EUR’” each means the lawful currency of the Euro Area.
39. “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.
40. “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.
41. “External Debt” means any debt which is or may become payable in a Currency other than the Currency of the Member Country.
42. “Financial Center” means: (a) for a Currency other than Euro, the principal financial center for the relevant Currency; and (b) for the Euro, the principal financial center of the relevant member state in the Euro Area.
43. “Financial Statements” means the financial statements to be maintained for the Project as provided in Section 5.09.
44. “Fixed Rate” means:
- (a) upon an Interest Rate Conversion from the Variable Rate, a fixed rate of interest applicable to the amount of the Loan to which the Conversion applies, equal to either: (i) the interest rate that reflects the fixed rate of interest 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 Variable Rate and the variable 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; and
  - (b) upon a Currency Conversion of an amount of the Loan that shall accrue interest at a fixed rate during the Conversion Period, a fixed rate of interest applicable to such amount equal to either: (i) the interest rate that reflects the fixed rate of interest 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.

45. "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 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, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.
46. "Foreign Expenditure" means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country.
47. "Front-end Fee" means the fee specified in the Loan Agreement for the purpose of Section 3.01.
48. "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.
49. "Guarantor" means the Member Country which is a party to the Guarantee Agreement.
50. "Guarantor's Address" means the Guarantor's address specified in the Guarantee Agreement for the purpose of Section 10.01.
51. "Guarantor's Representative" means the Guarantor's representative specified in the Loan Agreement for the purpose of Section 10.02.

52. "Incurring of debt" includes the assumption or guarantee of debt and any renewal, extension, or modification of the terms of the debt or of the assumption or guarantee of the debt.
53. "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.
54. "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.
55. "Interest Rate Cap" means a ceiling that sets an upper limit for the Variable Rate.
56. "Interest Rate Collar" means a combination of a ceiling and a floor that sets an upper and a lower limit for the Variable Rate.
57. "Interest Rate Conversion" means a change of the interest rate basis applicable to all or any amount of the Withdrawn Loan Balance, from the Variable Rate to the Fixed Rate or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread.
58. "Legal Agreement" means any of the Loan Agreement, the Guarantee Agreement or the Project Agreement. "Legal Agreements" means collectively, all of such agreements.
59. "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.
60. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
61. "Loan" means the loan provided for in the Loan Agreement.
62. "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.

63. "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.
64. "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.
65. "Loan Party" means the Borrower or the Guarantor. "Loan Parties" means collectively, the Borrower and the Guarantor.
66. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.
67. "Local Expenditure" means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure.
68. "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.
69. "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.
70. "Member Country" means the member of the Bank which is the Borrower or the Guarantor.

71. "Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest is payable.
72. "Preparation Advance" means the advance referred to in the Loan Agreement and repayable in accordance with Section 2.07 (a).
73. "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.
74. "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.
75. "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.
76. "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. If the Bank enters into a Project Agreement with more than one such entity, "Project Implementing Entity" refers separately to each such entity.
77. "Project Implementing Entity's Address" means the Project Implementing Entity's address specified in the Project Agreement for the purpose of Section 10.01.
78. "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).
79. "Project Report" means each report on the Project to be prepared and furnished to the Bank pursuant to Section 5.08 (b).
80. "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.

81. "Reference Rate" means, for any Interest Period:

- (a) for USD and JPY, 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 Euro, 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 Euro 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 Euro to leading banks for six months. If less than two of the banks so

selected are quoting such rates, the Reference Rate for Euro 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 and JPY) 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(b).

82. "Reference Rate Reset Date" means:

- (a) for USD and JPY, 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 either USD or JPY 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 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 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 Euro 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 further specified in the Conversion Guidelines; and
  - (d) for any currency other than USD, Euro and JPY: (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(b).
83. "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.
84. "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.
85. "Screen Rate" means:

- (a) for an Interest Rate Conversion from the Variable Rate to the Fixed Rate, the fixed rate of interest determined by the Bank on the Execution Date on the basis of the Variable Rate and market rates displayed by established information vendors reflecting the Conversion Period, the Currency amount and the repayment provisions of the amount of the Loan to which the Conversion applies;
- (b) for an Interest Rate Conversion from the Fixed Rate to the Variable Rate, the variable rate of interest determined by the Bank on the Execution Date on the basis of the Fixed Rate and market rates displayed by established information vendors reflecting the Conversion Period, the Currency amount and the repayment provisions of the amount of the Loan to which the Conversion applies;
- (c) for a Currency Conversion of an amount of the Unwithdrawn Loan Balance, the exchange rate between the Loan Currency immediately prior to the Conversion and the Approved Currency, determined by the Bank on the Execution Date on the basis of market exchange rates displayed by established information vendors;
- (d) for a Currency Conversion of an amount of the Withdrawn Loan Balance, each of: (i) the exchange rate between the Loan Currency immediately prior to the Conversion and the Approved Currency, determined by the Bank on the Execution Date on the basis of market exchange rates displayed by established information vendors; and (ii) the fixed rate of interest or the variable rate of interest (whichever applies to the Conversion), determined by the Bank on the Execution Date in accordance with the Conversion Guidelines on the basis of the interest rate applicable to such amount immediately prior to the Conversion and market rates displayed by established information vendors reflecting the Conversion Period, the Currency amount and the repayment provisions of the amount of the Loan to which the Conversion applies; and
- (e) for the early termination of a Conversion, each of the rates applied by the Bank for the purpose of calculating the Unwinding Amount as of the date of such early termination in accordance with the Conversion Guidelines on the basis of market rates displayed by

established information vendors reflecting the remaining Conversion Period, Currency amount and repayment provisions of the amount of the Loan to which the Conversion and such early termination apply.

86. "Special Commitment" means any special commitment entered into or to be entered into by the Bank pursuant to Section 2.02.
87. "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 Euro.
88. "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.
89. "Umpire" means the third arbitrator appointed pursuant to Section 8.04 (c).
90. "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.
91. "Unwithdrawn Loan Balance" means the amount of the Loan remaining unwithdrawn from the Loan Account from time to time.
92. "Variable Rate" means 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; provided, that:
  - (a) upon an Interest Rate Conversion from a Variable Rate based on the Variable Spread to a Variable Rate based on a Fixed Spread, the "Variable Rate" applicable to the amount of the Loan to which

the Conversion applies shall be equal to the sum of: (i) the Reference Rate for the Loan Currency; plus (ii) the Fixed Spread;

- (b) 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) the Reference Rate for the Loan Currency; plus (B) the spread to the Reference Rate, 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;
  - (c) 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) the Reference Rate 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
  - (d) 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) the Reference Rate for the Approved Currency; plus (B) the spread to the Reference Rate, 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.
93. “Variable Spread” means, for each Interest Period: (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; 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.

94. "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.
95. "Withdrawn Loan Balance" means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.
96. "Yen", "¥" and "JPY" each means the lawful currency of Japan