International Bank for Reconstruction and Development

General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans

Dated September 1, 1999
International Bank for Reconstruction and Development

General Conditions
Applicable to
Loan and Guarantee Agreements
for
Fixed-Spread Loans

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International Bank for
Reconstruction and Development

General Conditions
Applicable to
Loan and Guarantee Agreements
for Fixed-Spread Loans

Dated September 1, 1999
ARTICLE I

Application to Loan and Guarantee Agreements

Section 1.01. Application of General Conditions

These General Conditions set forth the terms and conditions applicable to the Loan Agreement and to the Guarantee Agreement, to the extent and subject to any modifications set forth in such agreements.

Section 1.02. Inconsistency with Loan or Guarantee Agreements

If any provision of the Loan Agreement or Guarantee Agreement is inconsistent with a provision of these General Conditions, the provision of the Loan Agreement or Guarantee Agreement, as the case may be, shall govern.

ARTICLE II

Definitions; Headings

Section 2.01. Definitions

The following terms have the following meanings wherever used in these General Conditions, the Loan Agreement and Guarantee Agreement:


2. “Assets” includes property, revenue and claims of any kind.


5. “Borrower” means the party to the Loan Agreement to which the Loan is made.

6. “Closing Date” means the date specified in the Loan Agreement after which the Bank may, by notice to the Borrower and the Guarantor, terminate the right of the Borrower to make withdrawals from the Loan Account.

7. “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.

8. “Conversion Date” means, in respect of a Conversion, the Interest Payment Date (or, in the case of a Currency Conversion of an unwithdrawn amount of the Loan, such other date as the Bank shall determine) on which the Conversion enters into effect, as further specified in the Conversion Guidelines.
9. “Conversion Guidelines” means, in respect of a Conversion, the “Guidelines for Conversion of Loan Terms for Fixed-Spread Loans” issued from time to time by the Bank and in effect at the time of said Conversion.

10. “Conversion Period” means, in respect of a Conversion, the period from and including the Conversion Date to and including the last day of the Interest Period in which said 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 for said Conversion, such period shall end on the Interest Payment Date immediately following the last day of said final applicable Interest Period.

11. “Counterparty” means a party with which the Bank enters into a derivatives transaction in order to effect a Conversion.

12. “Currency Conversion” means 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.

13. “Currency Hedge Transaction” means, in respect of 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 said Currency Conversion.

14. “Derivatives Agreement” means any derivatives agreement entered into between the Bank and the Borrower or the Guarantor for the purpose of documenting and confirming one or more derivatives transactions between the Bank and the Borrower or the Guarantor, as such agreement may be amended from time to time. Derivatives Agreement includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.

15. “Dollar”, “$” and “USD” each means the lawful currency of the United States of America.

16. “Effective Date” means the date on which the Loan Agreement and the Guarantee Agreement shall enter into effect as provided in Section 12.03.

17. “Euro”, “€” and “EUR” each means the lawful currency of the 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.

18. “Execution Date” means, in respect of a Conversion, the date on which the Bank shall have undertaken all actions necessary to effect said Conversion, as reasonably determined by the Bank.

19. “External Debt” means any debt which is or may become payable other than in the currency of the country which is the Borrower or the Guarantor.

20. “Financial Center” means:

(a)     in respect of a currency other than Euro, the principal financial center for the relevant currency; and

(b)     in respect of Euro, the principal financial center of any of the member states of the European Union that adopt the Euro.
21. “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 said 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 said Conversion (adjusted in accordance with the Conversion Guidelines for the difference, if any, between said Variable Rate and the variable rate of interest receivable by the Bank under said 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 said Currency Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the interest rate component of the Screen Rate.

22. “Fixed Spread” means the Bank’s fixed spread in respect of the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; provided, that upon a Currency Conversion of all or any portion of the unwithdrawn principal amount of the Loan, such fixed spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

23. “Guarantee Agreement” means the guarantee agreement between a member of the Bank 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 thereto, and all schedules and agreements supplemental to the Guarantee Agreement.

24. “Guarantor” means the member of the Bank which is a party to the Guarantee Agreement.

25. “Incurring of debt” includes the assumption and guarantee of debt and any renewal, extension, or modification of the terms of the debt or of the assumption or guarantee thereof.

26. “Interest Hedge Transaction” means, in respect of 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 said Interest Rate Conversion.

27. “Interest 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.

28. “Interest Period” means the initial period from and including the date of the Loan Agreement to but excluding the first Interest Payment Date occurring thereafter, and after such initial period, each period from and including an Interest Payment Date to but excluding the next following Interest Payment Date.

29. “Interest Rate Cap” means, in respect of the Variable Rate, a ceiling that sets an upper limit for said Variable Rate.

30. “Interest Rate Collar” means in respect of the Variable Rate, a combination of a ceiling and a floor that sets an upper and a lower limit for said Variable Rate.

31. “Interest Rate Conversion” means a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan, from the Variable Rate to the Fixed Rate or vice versa.
32. “LIBOR” means, in respect of any Interest Period, the London interbank offered rate for six-month deposits in the Loan Currency, expressed as a percentage per annum, that appears on the Relevant Telerate Page as of 11:00 a.m., London time, on the LIBOR Reset Date for said Interest Period. If such rate does not appear on the Relevant Telerate 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 said Loan Currency to leading banks in the London interbank market at approximately 11:00 a.m. London time on the LIBOR Reset Date for said Interest Period. If at least two such quotations are provided, the rate in respect of said 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 in respect of said 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 said Financial Center, on the LIBOR Reset Date for said Interest Period for loans in said Loan Currency to leading banks for a period of six months. If less than two of the banks so selected are quoting such rates, LIBOR in respect of said Interest Period shall be equal to LIBOR in effect for the Interest Period immediately preceding said Interest Period.

33. “LIBOR Reset Date” means:

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

(b) in respect of Euro, the day two Target Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period, the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date of a Currency Conversion of an unwithdrawn amount of the Loan to Euro falls on a day other than an Interest Payment Date, the initial LIBOR Reset Date in respect of said Approved Currency shall be the day two Target Settlement Days prior to the first or fifteenth day of the month in which said Conversion Date falls, whichever day immediately precedes said Conversion Date; provided, that if said Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date in respect of said Approved Currency shall be the day two Target Settlement Days prior to said Conversion Date); and

(c) notwithstanding sub-paragraphs (a) and (b) of this paragraph 33, if in respect of a Currency Conversion to an Approved Currency the Bank shall determine that market practice for the determination of the LIBOR Reset Date shall be on a date other than as set forth in said sub-paragraphs, the LIBOR Reset Date shall be such other date, as further specified in the Conversion Guidelines.

34. “Lien” includes mortgages, pledges, charges, privileges and priorities of any kind.

35. “Loan” means the loan provided for in the Loan Agreement.
36. “Loan Account” means the account opened by the Bank on its books in the name of the Borrower to which the amount of the Loan is credited.

37. “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 thereto, and all schedules and agreements supplemental to the Loan Agreement.

38. “Loan Currency” means the currency in which all or any portion of the principal amount of the Loan is denominated from time to time, which term shall, in the case of a Loan denominated in more than one currency, apply separately to each of such currencies.

39. “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.

40. “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.

41. “Project” means the project or program for which the Loan is granted, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Bank and the Borrower.

42. “Relevant Telerate Page” means the display page designated on the Dow Jones Telerate Service as the page for the purpose of displaying LIBOR for deposits in the Loan Currency (or such other page as may replace such page on such service, or such other service as may be selected by the Bank as the information vendor, for the purpose of displaying rates or prices comparable to LIBOR).

43. “Screen Rate” means:

(a) in respect of 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 said 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 said Conversion applies;

(b) in respect of 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 said 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 said Conversion applies;

(c) in respect of a Currency Conversion of an unwithdrawn amount of the Loan, the exchange rate between the Loan Currency immediately prior to said 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) in respect of a Currency Conversion of a withdrawn amount of the Loan, each of: (i) the exchange rate between the Loan Currency immediately prior to said 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 said 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 said 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 said Conversion applies; and

(e) in respect of 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 said Conversion and such early termination apply.

44. “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.

45. “Taxes” includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Loan Agreement or Guarantee Agreement or thereafter imposed.

46. “Unwinding Amount” means, in respect of the early termination of a Conversion: (i) 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 said 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 (ii) 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 said 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.

47. “Variable Rate” means a variable rate of interest applicable to the principal amount of the Loan withdrawn and outstanding equal to the sum of: (i) LIBOR in respect of the initial Loan Currency; plus (ii) the Fixed Spread; provided, that:

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

(b) upon a Currency Conversion to an Approved Currency of an unwithdrawn amount of the Loan, and upon withdrawal of any of such amount, the variable rate of interest applicable to such amount shall be equal to the sum of: (i) LIBOR in respect of said Approved Currency; plus (ii) the Fixed Spread; and

(c) upon a Currency Conversion to an Approved Currency of a withdrawn amount of the Loan that shall accrue interest at a variable rate during the Conversion Period, the variable rate of interest applicable to such amount shall be equal to either: (i) the sum of (A) LIBOR in respect of said Approved Currency; plus (B) the spread to LIBOR, if any, payable by the Bank under the Currency Hedge Transaction relating to said Currency Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the interest rate component of the Screen Rate.
48. “Yen”, “¥” and “JPY” each means the lawful currency of Japan.

Section 2.02. References

References in these General Conditions to Articles or Sections are to Articles or Sections of these General Conditions.

Section 2.03. Headings

The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these General Conditions.

ARTICLE III

Loan Terms; Payment Provisions; Currency Provisions

Section 3.01. Loan Account

The principal amount of the Loan shall be credited to the Loan Account in the Loan Currency and may be withdrawn therefrom by the Borrower as provided in the Loan Agreement and in these General Conditions, and in accordance with the procedures for withdrawal determined by the Bank. If at any time the Loan is denominated in more than one currency, the Loan Account shall be divided into multiple sub-accounts, one for each Loan Currency.

Section 3.02. Front-end Fee; Commitment Charge

(a) The Borrower shall pay a front-end fee as specified in the Loan Agreement.

(b) The Borrower shall pay a commitment charge as specified in the Loan Agreement on the unwithdrawn principal amount of the Loan. Such commitment charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account or shall be cancelled.

Section 3.03. Interest

(a) The Borrower shall pay interest at the rate specified in the Loan Agreement, as such rate may be modified from time to time in accordance with the provisions of Article IV, on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Interest shall accrue from the respective dates on which such amounts shall have been withdrawn.

(b) Whenever, in light of changes in market practice affecting the determination of the Variable Rate applicable to all or any portion of the principal amount of the Loan, 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 the Variable Rate other than as provided in the Loan Agreement and these General Conditions, the Bank may modify the basis for determining said Variable Rate upon not less than three months’ notice to the Borrower and the Guarantor of the new basis. The new basis shall become effective on the expiry of the notice period unless the Borrower or the Guarantor notifies the Bank during such period of its objection thereto, in which case such modification shall not apply to the Loan.
Section 3.04. Repayment

The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of the Loan Agreement.

Section 3.05. Prepayment

(a) After giving not less than forty-five days’ notice to the Bank, the Borrower shall have the right to repay in advance of maturity, as of a date acceptable to the Bank (provided, that the Borrower shall have paid all amounts due under the Loan Agreement as at such date, including any prepayment premium calculated in accordance with paragraph (b) of this Section): (i) all of the principal amount of the Loan then outstanding, or (ii) all of the principal amount of any one or more maturities of the Loan. Any such partial prepayment 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 (as such term is defined in the Loan Agreement) of the principal of the Loan, such prepayment shall be applied in the inverse order of said Disbursed Amounts, with the Disbursed Amount which shall have been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, such prepayment shall be applied in the inverse order of maturity of the Loan, with the latest maturity being repaid first.

(b) The prepayment premium payable under paragraph (a) of this Section on prepayment of any amount of the Loan shall be an amount reasonably determined by the Bank to represent any cost to the Bank of redeploying the amount to be prepaid from the date of prepayment to the maturity date of such amount.

(c) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period for said Conversion has not terminated at the time of prepayment: (i) the Borrower shall pay a transaction fee in respect of the early termination of said 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, in respect of the early termination of said 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 3.06. Partial Payment

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

Section 3.07. Place of Payment

All amounts payable by the Borrower under the Loan Agreement shall be paid at such places as the Bank shall reasonably request.

Section 3.08. Currency of Withdrawal

Each withdrawal of an amount of the Loan from the Loan Account shall be made in the Loan Currency of such amount. The Bank, at the request and acting as an agent of the Borrower, shall purchase with the Loan Currency withdrawn from the Loan Account such currencies as shall be required to meet payments to be financed out of the proceeds of the Loan.
Section 3.09. Currency of Payment

(a) All amounts payable by the Borrower under the Loan Agreement shall be payable in the Loan Currency, as further specified in the Conversion Guidelines.

(b) The Bank shall, at the request and acting as agent of the Borrower, and on such terms and conditions as the Bank shall determine, purchase the Loan Currency for payment of any amount required under the Loan Agreement upon timely payment by the Borrower of sufficient funds therefor in a currency or currencies acceptable to the Bank. The Borrower shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Bank has received such payment in the Loan Currency.

Section 3.10. Temporary Currency Substitution

(a) If the Bank shall have reasonably determined that an extraordinary situation shall have arisen under which the Bank shall be unable to provide the Loan Currency (the Substituted Loan Currency) at any time for purposes of funding the Loan, the Bank may provide such substitute currency or currencies for said Loan Currency (the Substitute Loan Currency) as the Bank shall select. During the period of such extraordinary situation, the repayment of principal and payment of interest and other charges under the Loan in the Substitute Loan Currency shall be made, and other related financial terms shall be applied, in accordance with principles reasonably determined by the Bank. The Bank shall promptly notify the Borrower and the Guarantor of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms of the Loan related thereto.

(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 prepayment premium shall be payable on prepayment of the Loan.

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

Section 3.11. Valuation of Currencies

Whenever it shall be necessary for the purposes of the Loan Agreement or the Guarantee Agreement, or any other agreement to which these General Conditions apply, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

Section 3.12. Manner of Payment

(a) Any payment required under the Loan Agreement or the Guarantee Agreement to be made 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 pertaining to such currency 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 amounts payable by the Borrower under the Loan Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the member of the Bank which is the Borrower or the Guarantor.

ARTICLE IV

Conversion of Loan Terms

Section 4.01 General Provisions

(a) If so provided in the Loan Agreement, the Borrower may, at any time, request a conversion of the terms of the Loan as provided in 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 so 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 said Conversion in accordance with the Conversion Guidelines. To the extent any modification of the provisions of the Loan Agreement providing for withdrawal of the proceeds of the Loan is required to give effect to saidConversion, 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 Borrower and the Guarantor 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 in respect of each Conversion, in such amount or at such rate as announced by the Bank from time to time and in effect on the Execution Date. Transaction fees provided for under this paragraph shall be payable not later than sixty days after the Execution Date.

Section 4.02. Interest Payable following Interest Rate Conversion or Currency Conversion

(a) Interest Rate Conversion. Upon an Interest Rate Conversion applicable to all or any portion of the principal amount of the Loan, the Borrower shall, in respect of each Interest Period during the Conversion Period, pay interest on such principal amount withdrawn and outstanding from time to time at the Variable Rate or the Fixed Rate, whichever applies to said Conversion.

(b) Currency Conversion of Unwithdrawn Amounts. Upon a Currency Conversion of all or any portion of the unwithdrawn principal amount of the Loan to an Approved Currency, the Borrower shall, in respect of each Interest Period during the Conversion Period, pay interest in said Approved Currency on such principal 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 portion of the withdrawn principal amount of the Loan to an Approved Currency, the Borrower shall, in respect of each Interest Period during the Conversion Period, pay interest in said Approved Currency on such principal amount outstanding from time to time at the Variable Rate or the Fixed Rate, whichever applies to said Conversion.
Section 4.03. Principal Payable following Currency Conversion

(a) **Currency Conversion of Unwithdrawn Amounts.** In the event of a Currency Conversion of an unwithdrawn amount of the Loan 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 said Conversion by the Screen Rate. The Borrower shall repay such principal amount as subsequently withdrawn in said 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 a withdrawn amount of the Loan 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 said 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 said 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 said 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 thereof, 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 said amount in the Approved Currency of said Conversion by the spot or forward exchange rate prevailing between said Approved Currency and Loan Currency for settlement on the last day of said Conversion Period; or (ii) in such other manner as specified in the Conversion Guidelines. The Borrower shall repay such principal amount in said Loan Currency in accordance with the provisions of the Loan Agreement.

Section 4.04. 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 principal amount of the Loan withdrawn and outstanding from time to time to which said Conversion applies at said Variable Rate, unless on any LIBOR Reset Date during said Conversion Period said Variable Rate exceeds said Interest Rate Cap, in which case, for the Interest Period to which said LIBOR Reset Date relates, the Borrower shall pay interest on such principal amount at a rate equal to said 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 principal amount of the Loan withdrawn and outstanding from time to time to which said Conversion applies at said Variable Rate, unless on any LIBOR Reset Date during said Conversion Period said Variable Rate: (i) exceeds the upper limit of said Interest Rate Collar, in which case, for the Interest Period to which said LIBOR Reset Date relates, the Borrower shall pay interest on such principal amount at a rate equal to such upper limit; or (ii) falls below the lower limit of said Interest Rate Collar, in which case, for the Interest Period to which said LIBOR Reset Date relates, the Borrower shall pay interest on such principal 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 principal amount of the Loan withdrawn and outstanding from time to time to which said Conversion applies, calculated: (i) on the basis of the premium, if any, payable by the Bank in respect of an interest rate cap or collar purchased by the Bank from a Counterparty for the purpose of establishing said 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 in respect of such 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, in respect of such 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 such early termination.

**ARTICLE V**

**Withdrawal of Proceeds of Loan**

**Section 5.01. Withdrawal from the Loan Account**

The Borrower shall be entitled to withdraw from the Loan Account in the Loan Currency or respective Loan Currencies the equivalent of amounts expended or, if the Bank shall so agree, amounts to be expended for the Project in accordance with the provisions of the Loan Agreement and of these General Conditions. Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

**Section 5.02. Special Commitment by the Bank**

Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or others in respect of expenditures to be financed out of the proceeds of the Loan notwithstanding any subsequent suspension or cancellation by the Bank or the Borrower.

**Section 5.03. Application for Withdrawal or for Special Commitment**

Whenever the Borrower desires to withdraw any amount from the Loan Account or to request the Bank to enter into a special commitment pursuant to Section 5.02, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to expenditures for the Project.

**Section 5.04. Reallocation**

Notwithstanding the allocation of an amount of the Loan or the percentages for withdrawal set forth or referred to in the Loan Agreement, if the Bank has reasonably estimated that the amount of the Loan then allocated to any withdrawal category set forth in the Loan Agreement or added thereto by amendment will be insufficient to finance the agreed percentage of all expenditures in that category, the Bank may, by notice to the Borrower:
(a) reallocate to such category, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another category and which in the opinion of the Bank are not needed to meet other expenditures; and

(b) if such reallocation cannot fully meet the estimated shortfall, reduce the percentage for withdrawal then applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures thereunder shall have been made.

Section 5.05. Evidence of Authority to Sign Application for Withdrawal

The Borrower shall furnish to the Bank evidence of the authority of the person or persons authorized to sign applications for withdrawal and the authenticated specimen signature of any such person.

Section 5.06. Supporting Evidence

The Borrower shall furnish to the Bank such documents and other evidence in support of the withdrawal application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application.

Section 5.07. Sufficiency of Applications and Documents

Each application and the 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 is to be used only for the purposes specified in the Loan Agreement.

Section 5.08. Treatment of Taxes

It is the policy of the Bank that no proceeds of the Loan shall be withdrawn on account of payments for any taxes levied by, or in the territory of, the Borrower or the Guarantor on goods or services, or on the importation, manufacture, procurement or supply thereof. To that end, if the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Loan decreases or increases, the Bank may, by notice to the Borrower, increase or decrease the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.

Section 5.09. Payment by the Bank

The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to or on the order of the Borrower.

ARTICLE VI

Cancellation and Suspension

Section 6.01. Cancellation by the Borrower

The Borrower may, by notice to the Bank, cancel any amount of the Loan which the Borrower shall not have withdrawn, except that the Borrower may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 5.02.
Section 6.02. Suspension by the Bank

If any of the following events shall have occurred and be continuing, the Bank may, by notice to the Borrower and the Guarantor, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account:

(a) The Borrower shall have 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: (i) under the Loan Agreement; or (ii) under any other loan or guarantee agreement between the Bank and the Borrower; or (iii) under any Derivatives Agreement; or (iv) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Borrower; or (v) under any development credit agreement between the Borrower and the Association.

(b) The Guarantor shall have failed to make payment of principal or interest or any other amount due to the Bank or the Association: (i) under the Guarantee Agreement; or (ii) under any other loan or guarantee agreement between the Guarantor and the Bank; or (iii) under any Derivatives Agreement; or (iv) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Guarantor; or (v) under any development credit agreement between the Guarantor and the Association.

(c) The Borrower or the Guarantor shall have failed to perform any other obligation under the Loan Agreement, the Guarantee Agreement or any Derivatives Agreement.

(d) The Bank or the Association shall have suspended in whole or in part the right of the Borrower or the Guarantor to make withdrawals under any loan agreement with the Bank or any development credit agreement with the Association because of a failure by the Borrower or the Guarantor to perform any of its obligations under such agreement or any guarantee agreement with the Bank.

(e) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement.

(f) The member of the Bank which is the Borrower or the Guarantor: (i) shall have been suspended from membership in or ceased to be a member of the Bank, or (ii) shall have ceased to be a member of the International Monetary Fund.

(g) After the date of the Loan Agreement and prior to the Effective Date, any event shall have 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.

(h) Any material adverse change in the condition of the Borrower (other than a member of the Bank), as represented by the Borrower, shall have occurred prior to the Effective Date.

(i) A representation made by the Borrower or the Guarantor in or pursuant to the Loan Agreement, the Guarantee Agreement, or any Derivatives Agreement or any statement furnished in connection therewith, and intended to be relied upon by the Bank in making the Loan or executing a transaction under a Derivatives Agreement, shall have been incorrect in any material respect.

(j) Any event specified in paragraph (f) or (g) of Section 7.01 shall have occurred.
(k) An extraordinary situation shall have 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.

(l) The Borrower or any Project implementation entity shall, without the consent of the Bank, have: (i) assigned or transferred, in whole or in part, any of its obligations arising under the Loan Agreement; 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, except 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 to perform any of its obligations under the Loan Agreement or to achieve the objectives of the Project, or the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Loan Agreement, 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 a member of the Bank) or the Project implementation entity.

(m) The Borrower (other than a member of the Bank) or any Project implementation entity shall have ceased to exist in the same legal form as that prevailing as of the date of the Loan Agreement.

(n) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than a member of the Bank) or any Project implementation entity.

(o) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than a member of the Bank) or any Project implementation entity shall have changed from that prevailing as of the date of the Loan Agreement so as to materially and adversely affect: (i) the ability of the Borrower to perform any of its obligations under the Loan Agreement or achieve the objectives of the Project; or (ii) the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Loan Agreement, or to achieve the objectives of the Project.

(p) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to suspension shall have ceased to exist, unless the Bank shall have notified the Borrower and the Guarantor that the right to make withdrawals has been restored in whole or in part, as the case may be.

Section 6.03. Cancellation by the Bank

If: (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days; or (b) at any time, the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project’s costs to be financed out of the proceeds of the Loan; or (c) at any time, the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan; or (d) at any time, the Bank 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 Loan Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan; or (e) after the Closing Date, an
amount of the Loan shall remain unwithdrawn from the Loan Account; or (f) the Bank shall have received notice from the Guarantor pursuant to Section 6.06 with respect to an amount of the Loan; the Bank may, by notice to the Borrower and the Guarantor, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be cancelled.

Section 6.04. 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 subject to any special commitment entered into by the Bank pursuant to Section 5.02 except as expressly provided in such commitment.

Section 6.05. Effectiveness of Provisions after Suspension or Cancellation

Notwithstanding any cancellation or suspension, all the provisions of the Loan Agreement and the Guarantee Agreement shall continue in full force and effect except as specifically provided in this Article.

Section 6.06. Cancellation of Guarantee

If the Borrower shall have failed to make payment of principal or interest or any other payment required under the Loan Agreement (otherwise than as a result of any act or omission to act of the Guarantor) and such payment shall have been 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 Loan unwithdrawn from the Loan Account on the date of receipt of such notice by the Bank and not subject to any special commitment entered into by the Bank pursuant to Section 5.02. Upon receipt of such notice by the Bank, such obligations in respect of such amount shall terminate.

ARTICLE VII

Acceleration of Maturity

Section 7.01. Events of Acceleration

If any of the following events shall occur and shall continue for the period specified below, if any, then at any subsequent time during the continuance thereof, the Bank, at its option, may, by notice to the Borrower and the Guarantor, declare the principal amount of the Loan then outstanding to be due and payable immediately together with the interest thereon and any other amounts due under the Loan Agreement, and upon any such declaration such principal, together with interest thereon, other amounts due under the Loan Agreement and any amounts due under Section 7.02 shall become immediately due and payable:

(a) A default shall occur in the payment of principal or interest or any other payment required under the Loan Agreement and such default shall continue for a period of thirty days.

(b) A default shall occur in the payment of principal or interest or any other payment required under the Guarantee Agreement and such default shall continue for a period of thirty days.

(c) A default shall occur in the payment by the Borrower of principal or interest or any other amount due to the Bank or the Association: (i) under any other loan or guarantee agreement between the
Bank and the Borrower, or (ii) under any Derivatives Agreement, or (iii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Borrower, or (iv) under any development credit agreement between the Borrower and the Association; and such default shall continue for a period of thirty days.

(d) A default shall occur in the payment by the Guarantor of principal or interest or any other amount due to the Bank or the Association: (i) under any loan or guarantee agreement between the Guarantor and the Bank; or (ii) under any Derivatives Agreement; or (iii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Guarantor; or (iv) under any development credit 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; and such default shall continue for a period of thirty days.

(e) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or any Derivatives Agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

(f) The Borrower (other than a member of the Bank) shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower or by others whereby any of the assets of the Borrower shall or may be distributed among its creditors.

(g) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of the Borrower (other than a member of the Bank) or any Project implementation entity.

(h) The Borrower or any Project implementation entity shall, without the consent of the Bank, have: (i) assigned or transferred, in whole or in part, any of its obligations arising under the Loan Agreement; 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, except 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 to perform any of its obligations under the Loan Agreement or to achieve the objectives of the Project, or the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Loan Agreement, 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 a member of the Bank) or the Project implementation entity.

(i) The Borrower (other than a member of the Bank) or any Project implementation entity shall have ceased to exist in the same legal form as that prevailing as of the date of the Loan Agreement.

(j) In the opinion of the Bank, the legal character, ownership or control of the Borrower (other than a member of the Bank) or any Project implementation entity shall have changed from that prevailing as of the date of the Loan Agreement so as to materially and adversely affect: (i) the ability of the Borrower to perform any of its obligations under the Loan Agreement or to achieve the objectives of the Project; or (ii) the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Loan Agreement, or to achieve the objectives of the Project.

(k) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred and shall continue for the period, if any, specified in the Loan Agreement.
Section 7.02. Acceleration during a Conversion Period

If any notice of acceleration is given pursuant to Section 7.01 during the Conversion Period for any Conversion: (a) the Borrower shall pay a transaction fee in respect of the early termination of said 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 the early termination of said Conversion, or the Bank shall pay any Unwinding Amount owed by it in respect of such early termination (after setting off any amounts owed by the Borrower under the Loan Agreement), in accordance with the Conversion Guidelines.

ARTICLE VIII

Taxes

Section 8.01. Taxes

(a) The principal of, and interest and commitment charges on, the Loan shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the member of the Bank which is the Borrower or the Guarantor.

(b) The Loan Agreement and the Guarantee Agreement, and any other agreement to which these General Conditions apply, shall be free from any taxes levied by, or in the territory of, the member of the Bank which is the Borrower or the Guarantor on or in connection with the execution, delivery or registration thereof.

ARTICLE IX

Cooperation and Information;
Financial and Economic Data;
Negative Pledge; Project Implementation

Section 9.01. Cooperation and Information

(a) The Bank, the Borrower and the Guarantor shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank, the Borrower and the Guarantor shall:

(i) from time to time, at the request of any one of them, exchange views with regard to the progress of the Project, the purposes of the Loan, and the performance of their respective obligations under the Loan Agreement and the Guarantee Agreement, and furnish to the other party all such information related thereto as it shall reasonably request; and

(ii) promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in paragraph (i) above.

(b) The Guarantor shall ensure that no action which would prevent or interfere with the execution of the Project or with the performance of the Borrower's obligations under the Loan Agreement is taken or permitted to be taken by the Guarantor or any of its political or administrative subdivisions or any of the entities owned or controlled by, or operating for the account or benefit of, the Guarantor or such subdivisions.
(c) The member of the Bank which is the Borrower or the Guarantor shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan.

Section 9.02. Financial and Economic Data

The member of the Bank which is the Borrower or the Guarantor 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, such member or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for such member.

Section 9.03. 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.

(i) To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any External Debt, which will or might result in a priority for the benefit of the creditor of said 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 amounts payable by the Borrower under the Loan Agreement, and the member of the Bank which is the Borrower or the Guarantor, 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, such member shall promptly and at no cost to the Bank secure all amounts payable by the Borrower under the Loan Agreement by an equivalent lien on other public assets satisfactory to the Bank.

(ii) As used in this paragraph, the term “public assets” means assets of such member, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, such member 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 such member.

(b) The Borrower which is not a member of the Bank undertakes that, except as the Bank shall otherwise agree:

(i) if said Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of all amounts payable by the Borrower under the Loan Agreement 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 shall be created on any assets of said Borrower as security for any debt, said Borrower shall grant at no cost to the Bank, an equivalent lien
satisfactory to the Bank to secure the payment of all amounts payable by the Borrower under the Loan Agreement.

(c) The foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, 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.

Section 9.04. Insurance

The Borrower shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

Section 9.05. Use of Goods and Services

Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the purposes of the Project.

Section 9.06. Plans and Schedules

The Borrower shall furnish, or cause to be furnished, to the Bank promptly upon their preparation, any plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

Section 9.07. Records and Reports

(a) The Borrower shall: (i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project; (ii) enable the Bank's representatives to visit any facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Loan and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Borrower under the Loan Agreement; and (iii) furnish to the Bank at regular intervals all such information as the Bank shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

(b) Upon the award of any contract for goods or services to be financed out of the proceeds of the Loan, the Bank may publish a description thereof, the name and nationality of the party to which the contract was awarded and the contract price.

(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Bank and the Borrower, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.
Section 9.08. Maintenance

The Borrower shall at all times operate and maintain, or cause to be operated and maintained, any facilities relevant to the Project, and promptly as needed, make or cause to be made all necessary repairs and renewals thereof.

Section 9.09. Land Acquisition

The Borrower shall take, or cause to be taken, all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Bank, promptly 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.

ARTICLE X

Enforceability of Loan Agreement and Guarantee Agreement; Failure to Exercise Rights; Arbitration

Section 10.01. Enforceability

The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement and the Guarantee Agreement 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 the Borrower nor the Guarantor shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or of the Loan Agreement or the Guarantee Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank.

Section 10.02. Obligations of the Guarantor

Except as provided in Section 6.06, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower or any prior notice to or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance or concession given to the Borrower; (b) any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; or (d) any failure of the Borrower to comply with any requirement of any law of the Guarantor.

Section 10.03. Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under the Loan Agreement or Guarantee 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 10.04. 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.

(b) The parties to such arbitration shall be the Bank on the one side and the Borrower and the Guarantor on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Bank; a second arbitrator shall be appointed by the Borrower and the Guarantor or, if they shall not agree, by the Guarantor; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall 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 shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed 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 and 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 shall not have 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 said 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 shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, 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 Borrower and the Guarantor 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 thereunder.

(k) If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be 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 the Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against any party that is a member of the Bank except as such procedure may be available otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE XI

Miscellaneous Provisions

Section 11.01. Notices and Requests

Any notice or request required or permitted to be given or made under the Loan Agreement or Guarantee Agreement and any other agreement between any of the parties contemplated by the Loan Agreement or the Guarantee Agreement shall be in writing. Except as otherwise provided in Section 12.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party’s address specified in the Loan Agreement or Guarantee 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 11.02. Evidence of Authority

The Borrower and the Guarantor shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower or the Guarantor, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Loan Agreement or by the Guarantor under the Guarantee Agreement, and the authenticated specimen signature of each such person.

Section 11.03. Action on Behalf of the Borrower or Guarantor

Any action required or permitted to be taken, and any documents required or permitted to be executed, pursuant to the Loan Agreement or the Guarantee Agreement, on behalf of the Borrower or the Guarantor, may be taken or executed by the representative of the Borrower or the Guarantor designated in
the Loan Agreement or the Guarantee Agreement for the purposes of this Section or any person thereunto authorized in writing by such representative. Any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreement may be agreed to on behalf of the Borrower or the Guarantor by written instrument executed on behalf of the Borrower or the Guarantor by the representative so designated or any person thereunto authorized in writing by such representative; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement or of the Guarantor under the Guarantee Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower or of the Guarantor thereunder.

Section 11.04. Execution in Counterparts

The Loan Agreement and the Guarantee Agreement may each be executed in several counterparts, each of which shall be an original.

ARTICLE XII

Effective Date; Termination

Section 12.01. Conditions Precedent to Effectiveness of Loan Agreement and Guarantee Agreement

The Loan Agreement and the Guarantee Agreement shall not become effective until evidence satisfactory to the Bank shall have been furnished to the Bank:

(a) that the execution and delivery of the Loan Agreement and the Guarantee Agreement on behalf of the Borrower and the Guarantor have been duly authorized or ratified by all necessary governmental and corporate action;

(b) if the Bank shall so request, that the condition of the Borrower (other than a member of the Bank), as represented or warranted to the Bank at the date of the Loan Agreement, has undergone no material adverse change after such date; and

(c) that all other events specified in the Loan Agreement as conditions to effectiveness have occurred.

Section 12.02. Legal Opinions or Certificates

As part of the evidence to be furnished pursuant to Section 12.01, 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 shall so request, a certificate satisfactory to the Bank of a competent official of the member of the Bank which is the Borrower or the Guarantor showing:

(a) on behalf of the Borrower, that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms;
(b) on behalf of the Guarantor, that the Guarantee Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantor and is legally binding upon the Guarantor in accordance with its terms; and

(c) such other matters as shall be specified in the Loan Agreement or as shall be reasonably requested by the Bank in connection therewith.

Section 12.03. Effective Date

(a) Except as the Bank and the Borrower shall otherwise agree, the Loan Agreement and the Guarantee Agreement shall enter into effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 12.01.

(b) If, before the Effective Date, any event shall have 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 shall have determined that an extraordinary situation provided for under Section 3.10 (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 shall have ceased to exist.

Section 12.04. Termination of Loan Agreement and Guarantee Agreement for Failure to Become Effective

If the Loan Agreement shall not have entered into effect by the date specified in the Loan Agreement for the purposes of this Section, the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 12.05. Termination of Loan Agreement and Guarantee Agreement on Full Payment

If and when the entire principal amount of the Loan withdrawn from the Loan Account and any other amount due under the Loan Agreement shall have been paid, the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall forthwith terminate.