International Development Association

General Conditions
Applicable to
Development Credit Agreements

Dated January 1, 1985
(as amended through
May 1, 2004)
International Development Association

General Conditions
Applicable to
Development Credit Agreements

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ARTICLE I

Application to Development Credit Agreements

Section 1.01. Application of General Conditions

These General Conditions set forth certain terms and conditions generally applicable to development credits granted by the Association to its members. They apply to any development credit agreement providing for any such development credit to the extent and subject to any modifications set forth in such agreement.

Section 1.02. Inconsistency with Development Credit Agreement

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

ARTICLE II

Definitions; Headings

Section 2.01. Definitions

The following terms have the following meanings wherever used in these General Conditions:

2. "Bank" means the International Bank for Reconstruction and Development.
3. "Borrower" means the member of the Association to which the Credit is granted.
4. "Credit" means the development credit provided for in the Development Credit Agreement.

5. "Credit Account" means the account opened by the Association on its books in the name of the Borrower to which the amount of the Credit is credited.

6. "Closing Date" means the date specified in the Development Credit Agreement after which the Association may, by notice to the Borrower, terminate the right of the Borrower to withdraw from the Credit Account.

7. "Currency of a country" means the coin or currency which is legal tender for the payment of public and private debts in that country.

8. "Development Credit Agreement" means the particular development credit agreement to which these General Conditions apply, as such agreement may be amended from time to time. Development Credit Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Credit Agreement.

9. "Dollars" and the sign "$" mean dollars in the currency of the United States of America.

10. "Effective Date" means the date on which the Development Credit Agreement shall enter into effect as provided in Section 12.03.

11. "External debt" means any debt which is or may become payable other than in the currency of the country which is the Borrower.

12. "Project" means the project or program for which the Credit is granted, as described in the Development Credit Agreement and as the description thereof may be amended from time to time by agreement between the Borrower and the Association.

13. "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement.

14. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Development Credit Agreement or thereafter imposed.

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**

**Credit Account; Service Charges; Repayment; Place of Payment**

Section 3.01. *Credit Account*

The amount of the Credit shall be credited to the Credit Account and may be withdrawn therefrom by the Borrower as provided in the Development Credit Agreement and in these General Conditions.

Section 3.02. *Service Charges*

The Borrower shall pay a service charge on the amount of the Credit withdrawn and outstanding from time to time at the rate specified in the Development Credit Agreement.

Section 3.03. *Computation of Service Charges*

Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04. *Repayment*

(a) The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in installments as provided in the Development Credit Agreement.

(b) The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Borrower.

(c) If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole direction determine.
Section 3.05. Place of Payment

The principal of, and service charges on, the Credit shall be paid at such places as the Association shall reasonably request.

ARTICLE IV
Currency Provisions

Section 4.01. Currencies in which Withdrawals are to be Made

Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Credit have been paid or are payable; provided, however, that withdrawals in respect of expenditures in the currency of the Borrower shall be made in such currency or currencies as the Association shall from time to time reasonably select.

Section 4.02. Currencies in which Principal and Service Charges are Payable

(a) The Borrower shall pay the principal amount of, and service charges on, the Credit in the currency specified in the Development Credit Agreement for the purposes of this Section or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.

(b) For the purposes of this Section, the term "eligible currency" means the currency of any member of the Association which the Association from time to time determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association for the purposes of its operations.

(c) If at any time the Borrower shall desire that, commencing on a given future payment date, such principal and service charges shall be payable in an eligible currency other than that so specified or than one previously designated pursuant to this paragraph (c) or selected pursuant to paragraph (e) below, the Borrower shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency. Upon receipt of such notice and commencing on such payment date, the currency so designated shall be the currency in which such principal and service charges shall be payable.

(d) If at any time the Association shall determine that a currency payable pursuant to the provisions of this Section is not an eligible currency, the Association shall so notify the Borrower in writing and furnish the Borrower with a list of eligible currencies.
(e) Within thirty days from the date of such notice from the Association, the Borrower shall notify the Association in writing of its selection from such list of a currency in which payment shall be made, failing which the Association shall select a currency for such purpose from such list. Upon such selection in either manner, such principal and service charges shall, commencing on the payment date next succeeding such thirty-day period, be payable in the currency so selected.

Section 4.03. Amount of Repayment

The principal amount of the Credit repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the currency or currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.

Section 4.04. Purchase of Currency of Withdrawal with Other Currency

If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 4.03.

Section 4.05. Valuation of Currencies

Whenever it shall be necessary for the purposes of the Development Credit 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 Association.

Section 4.06. Manner of Payment

(a) Any payment required under the Development Credit Agreement to be made to the Association in the currency of a 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 Association with a depository of the Association in such country.

(b) The principal of, and service charges on, the Credit shall be paid without restrictions of any kind imposed by, or in the territory of, the Borrower.
ARTICLE V

Withdrawal of Proceeds of Credit

Section 5.01. Withdrawal from the Credit Account

The Borrower shall be entitled to withdraw from the Credit Account amounts expended or, if the Association shall so agree, amounts to be expended for the Project in accordance with the provisions of the Development Credit Agreement and of these General Conditions. Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made 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 Association, 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 Association

Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Association, the Association 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 Credit notwithstanding any subsequent suspension or cancellation by the Association or the Borrower.

Section 5.03. Applications for Withdrawal or for Special Commitment

When the Borrower shall desire to withdraw any amount from the Credit Account or to request the Association to enter into a special commitment pursuant to Section 5.02, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association 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 Credit or the percentages for withdrawal set forth or referred to in the Development Credit Agreement, if the Association has reasonably estimated that the amount of the Credit then allocated to any withdrawal category set forth in the Development Credit Agreement or added thereto by amendment will be insufficient to finance the agreed percentage of all expenditures in that category, the Association may, by notice to the Borrower:

(a) reallocate to such category, to the extent required to meet the estimated shortfall, proceeds of the Credit which are then allocated to another category and which in the opinion of the Association 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 Applications for Withdrawal

The Borrower shall furnish to the Association 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 Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association 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 Association that the Borrower is entitled to withdraw from the Credit Account the amount applied for and that the amount to be withdrawn from the Credit Account is to be used only for the purposes specified in the Development Credit Agreement.

Section 5.08. Treatment of Taxes

It is the policy of the Association that no proceeds of the Credit shall be withdrawn on account of payments for any taxes levied by, or in the territory of, the Borrower 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 Credit decreases or increases, the Association 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 Development Credit Agreement as required to be consistent with such policy of the Association.

Section 5.09. Payment by the Association

The Association shall pay the amounts withdrawn by the Borrower from the Credit 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 Association, cancel any amount of the Credit which the Borrower shall not have withdrawn, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 5.02.

Section 6.02. Suspension by the Association

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

(a) The Borrower shall have failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the Bank: (i) under the Development Credit Agreement, or (ii) under any other development credit agreement between the Borrower and the Association, or (iii) under any loan or guarantee agreement between the Borrower and the Bank, 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.

(b) The Borrower shall have failed to perform any other obligation under the Development Credit Agreement.

(c) (i) The Association or the Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any development credit agreement with the Association or any loan agreement with the Bank because of a failure by the Borrower to perform any of its obligations under such agreement; or (ii) the Bank shall have suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Borrower because of a failure by such borrower to perform any of its obligations under such agreement.

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

(e) The Borrower: (i) shall have been suspended from membership in or ceased to be a member of the Association; or (ii) shall have ceased to be a member of the International Monetary Fund.
(f) After the date of the Development Credit Agreement and prior to the Effective Date, any event shall have occurred which would have entitled the Association to suspend the Borrower's right to make withdrawals from the Credit Account if the Development Credit Agreement had been effective on the date such event occurred.

(g) A representation made by the Borrower, in or pursuant to the Development Credit Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Association in making the Credit, shall have been incorrect in any material respect.

(h) The Borrower or any Project implementation entity shall, without the consent of the Association, have: (i) assigned or transferred, in whole or in part, any of its obligations arising under the Development Credit 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 Credit, except with respect to transactions in the ordinary course of business which, in the opinion of the Association, (A) do not materially and adversely affect the ability of the Borrower to perform any of its obligations under the Development Credit 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 Development Credit Agreement, or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project implementation entity.

(i) Any Project implementation entity shall have ceased to exist in the same legal form as that prevailing as of the date of the Development Credit Agreement.

(j) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of any Project implementation entity.

(k) In the opinion of the Association, the legal character, ownership or control of any Project implementation entity shall have changed from that prevailing as of the date of the Development Credit Agreement so as to materially and adversely affect (i) the ability of the Borrower to perform any of its obligations under the Development Credit 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 Development Credit Agreement, or to achieve the objectives of the Project.

(l) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Credit 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 Association shall
have notified the Borrower 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 Association.

If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project’s costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association 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 Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit 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 Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be cancelled.

Section 6.04. Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association

No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 5.02 except as expressly provided in such commitment.

Section 6.05. Application of Cancellation to Maturities of the Credit

Except as the Borrower and the Association shall otherwise agree, any cancellation shall be applied pro rata to the several installments of the principal amount of the Credit maturing after the date of such cancellation.

Section 6.06. Effectiveness of Provisions after Suspension or Cancellation

Notwithstanding any cancellation or suspension, all the provisions of the Development Credit Agreement shall continue in full force and effect except as specifically provided in this Article.
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 Association, at its option, may, by notice to the Borrower, declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately:

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

(b) A default shall occur in the payment by the Borrower of principal or interest or any other amount due to the Association or the Bank: (i) under any other development credit agreement between the Borrower and the Association, or (ii) under any loan or guarantee agreement between the Borrower and the Bank, 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; and such default shall continue for a period of thirty days.

(c) A default shall occur in the performance of any other obligation on the part of the Borrower under the Development Credit Agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

(d) The Borrower or any Project implementation entity shall, without the consent of the Association, have: (i) assigned or transferred, in whole or in part, any of its obligations arising under the Development Credit 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 Credit, except with respect to transactions in the ordinary course of business which, in the opinion of the Association, (A) do not materially and adversely affect the ability of the Borrower to perform any of its obligations under the Development Credit 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 Development Credit Agreement, or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project implementation entity.

(e) Any Project implementation entity shall have ceased to exist in the same legal form as that prevailing as of the date of the Development Credit Agreement.
(f) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of any Project implementation entity.

(g) In the opinion of the Association, the legal character, ownership or control of any Project implementation entity shall have changed from that prevailing as of the date of the Development Credit Agreement so as to materially and adversely affect (i) the ability of the Borrower to perform any of its obligations under the Development Credit 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 Development Credit Agreement, or to achieve the objectives of the Project.

(h) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred and shall continue for the period, if any, specified in the Development Credit Agreement.

ARTICLE VIII

Taxes

Section 8.01. Taxes

(a) The principal of, and other charges on, the Credit shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Borrower.

(b) The Development Credit 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 Borrower on or in connection with the execution, delivery or registration thereof.

ARTICLE IX

Cooperation and Information; Financial and Economic Data; Project Implementation

Section 9.01. Cooperation and Information

(a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association 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 Credit, and the performance of their respective obligations under the Development Credit 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 Borrower shall afford all reasonable opportunity for representatives of the Association to visit any part of its territories for purposes related to the Credit.

Section 9.02. Financial and Economic Data

The Borrower shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory including its balance of payments and its external debt as well as that of its political or administrative subdivisions and any entity owned or controlled by, or operating for the account or benefit of the Borrower or any such subdivision, and any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

Section 9.03. 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 Credit 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 9.04. Use of Goods and Services

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

Section 9.05. Plans and Schedules

The Borrower shall furnish, or cause to be furnished, to the Association, promptly upon their preparation, the 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 Association shall reasonably request.
Section 9.06. **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 Credit, and to disclose their use in the Project; (ii) enable the Association'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 Credit and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Borrower under the Development Credit Agreement; and (iii) furnish to the Association at regular intervals all such information as the Association 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 Credit 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 Credit, the Association 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 Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association 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 Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit.

Section 9.07. **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 9.08. **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 Association, promptly upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.
ARTICLE X

Enforceability of Development Credit Agreement;
Failure to Exercise Rights; Arbitration

Section 10.01. Enforceability

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

Section 10.02. Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Development Credit 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 10.03. Arbitration

(a) Any controversy between the parties to the Development Credit Agreement and any claim by either such party against the other arising under the Development Credit 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 Association and the Borrower.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Borrower; 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 of the parties 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, 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, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such 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 Development Credit 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. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Development Credit Agreement or of any claims by either party against the other party arising thereunder.

(k) The Association shall not be entitled to enter judgment against the Borrower upon the award, to enforce the award against the Borrower by execution or to
pursue any other remedy against the Borrower for the enforcement of the award, except as such procedure may be available against the Borrower otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with by the Association, the Borrower may take any such action for the enforcement of the award against the Association.

(1) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Development Credit 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 Development Credit Agreement and any other agreement between the parties contemplated by the Development Credit 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, telegram, cable, 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 Development Credit 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 shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person.

Section 11.03. Action on Behalf of the Borrower

Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Development Credit Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Development Credit 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 Development Credit Agreement may be agreed to by written instrument executed on behalf of the Borrower 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 Development Credit Agreement. The Association 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 Development Credit Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

Section 11.04. Execution in Counterparts

The Development Credit Agreement may 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 Development Credit Agreement

The Development Credit Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that:

(a) the execution and delivery of the Development Credit Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action; and

(b) all other events specified in the Development Credit Agreement as conditions to its effectiveness have occurred.

Section 12.02. Legal Opinions or Certificates

As part of the evidence to be furnished pursuant to Section 12.01, the Borrower shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Borrower, showing:

(a) that the Development Credit 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; and
(b) such other matters as shall be specified in the Development Credit Agreement or as shall be reasonably requested by the Association in connection therewith.

Section 12.03. Effective Date

(a) Except as the Borrower and the Association shall otherwise agree, the Development Credit Agreement shall enter into effect on the date on which the Association dispatches to the Borrower 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 Association to suspend the right of the Borrower to make withdrawals from the Credit Account if the Development Credit Agreement had been effective, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event or events shall have ceased to exist.

Section 12.04. Termination of Development Credit Agreement for Failure to Become Effective

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

Section 12.05. Termination of Development Credit Agreement on Full Payment

If and when the entire principal amount of the Credit withdrawn from the Credit Account and all charges which shall have accrued on the Credit shall have been paid, the Development Credit Agreement and all obligations of the parties thereunder shall forthwith terminate.