

No. 10941

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
AUSTRALIA**

**Guarantee Agreement—*Highway Project* (with annexed
General Conditions Applicable to Loan and Guarantee
Agreements and Loan Agreement between the Bank and
the Administration of the Territory of Papua and New
Guinea). Signed at Washington on 24 June 1970**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
5 February 1971.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
AUSTRALIE**

**Contrat de garantie — *Projet relatif au réseau routier* (avec,
en annexe, les Conditions générales applicables aux con-
trats d'emprunt et de garantie et le Contrat d'emprunt
entre la Banque et l'Administration du Territoire du
Papua-Nouvelle-Guinée). Signé à Washington le 24 juin
1970**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 5 février 1971.*

GUARANTEE AGREEMENT¹

AGREEMENT, dated June 24, 1970, between THE COMMONWEALTH OF AUSTRALIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a Development Credit Agreement of even date herewith² between the International Development Association (hereinafter called the Association) and the Administration of the Territory of Papua and New Guinea (hereinafter called the Borrower) the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000), on the terms and conditions set forth in the Development Credit Agreement;

WHEREAS by a Loan Agreement of even date herewith³ between the Bank and the Borrower, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,⁴ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General

¹ Came into force on 25 November 1970, upon notification to the Government of Australia.

² See No. 109 of this volume.

³ See p. 88 of this volume.

⁴ See p. 88 of this volume.

Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as provided in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external public debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or any agency of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of and interest and other charges on the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect; and, within the limits of its constitutional powers, the Guarantor will make the foregoing undertaking effective with respect to liens on assets of the States and Territories of the Guarantor and their agencies (including local governing authorities). However, this Section shall not apply to: (i) any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property; or (ii) any lien created by the Reserve Bank of Australia or the Commonwealth Trading Bank of Australia on any of their assets in the ordinary course of their

banking business to secure any indebtedness maturing not more than one year after its date.

Section 3.02. (a) The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor (including those of the Borrower) for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor or of its territories.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories, on or in connection with the execution, issue, delivery or registration thereof.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Treasurer of the Guarantor and such other person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The Treasurer of the Guarantor is designated as the representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions.

For the Guarantor:

The Treasurer
The Commonwealth of Australia
Canberra, A.C.T. 2600
Australia

Cable address:

Comtreasury
Canberra, Australia

For the Bank:

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

Cable address:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Commonwealth of Australia:

By J. PLIMSOLL
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE
AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated June 24, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ADMINISTRATION OF THE TERRITORY OF PAPUA AND NEW GUINEA (hereinafter called the Borrower).

WHEREAS the Borrower has requested the Bank to assist in the financing of the cost of the Project described in Schedule 2 to the Development Credit Agreement mentioned hereunder;

WHEREAS the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional financing for such Project and, by a Development Credit Agreement of even date herewith¹ between the Association and the Borrower, the Association agrees to provide such financing in an aggregate principal amount equivalent to four million five hundred thousand dollars (\$4,500,000); and

WHEREAS the Borrower and the Bank intend that, to the extent practicable, the proceeds of the Credit provided for in such Development Credit Agreement be disbursed on account of expenditures under such Project before disbursements of the proceeds of the Loan provided for in this Agreement are made;

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

¹ See p. 109 of this volume.

² See above.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Development Credit Agreement" means the Development Credit Agreement of even date herewith between the Association and the Borrower, and such term includes the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969, as made applicable thereto, all agreements supplemental to such Agreement and all schedules thereto, as such Agreement, supplemental agreements and schedules may be amended from time to time;

(b) "PWD" means the Department of Public Works of the Borrower; and

(c) "Standards" means design standards referred to in Section 4.01 (d) of the Development Credit Agreement and defined in Schedule 4 thereto.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement and in accordance with the allocation of the proceeds of the Credit and of the Loan set forth in Schedule 1 to the Development Credit Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Association, the Bank and the Borrower.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category IV of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement;
- (ii) the equivalent of sixty-five percent (65%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Category I of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement; and

(iii) the equivalent of eighty percent (80%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Categories II (a), II (b) and III of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of the Categories I, II and III, the Bank may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Categories I through IV of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments in the currency of the Guarantor or of the Borrower or for goods produced in, or services supplied from, the territories of the Guarantor or of the Borrower.

(b) Except as otherwise agreed between the Borrower and the Bank, no withdrawals shall be made from the Loan Account, other than under commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, until all amounts under the Development Credit Agreement shall have been withdrawn or committed.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven percent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project described in Schedule 2 to the Development Credit Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan under Category I of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02

of this Agreement shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to the Development Credit Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the Loan shall (except as otherwise provided in such Schedule) be subject to the prior approval of the Bank.

Section 3.03. Except as the Bank may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in article VIII of the General Conditions.

Section 4.02. The Treasurer of the Borrower and such other person or persons as he shall appoint in writing are designated as the authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower accepts all the provisions of Sections 4.01 through 4.04 inclusively of the Development Credit Agreement and of Schedules 1, 2, 3, 4 and 5 thereto, with the same force and effect as if they were fully set forth herein; provided, however, that: (i) all references to the Association in such Sections or in any of them shall be deemed to be references to the Bank; (ii) all references to the Credit in such Sections or in any of them shall be deemed to be references to the Loan; and (iii) all references to the Development Credit Agreement in such Sections or in any of them shall be deemed to be references to this Loan Agreement.

Section 5.02. So long as any part of the Credit provided for under the Development Credit Agreement shall remain outstanding, all actions taken, including approvals given, by the Association pursuant to any of the Sections of, and Schedules to, the Development Credit Agreement enumerated in Section 5.01 of this Agreement, as well as pursuant to Sections 2.03, 3.02 and 3.03 of the Development Credit Agreement, shall be deemed to be taken or given in the name and on behalf of both the Association and the Bank; and all information or documentation furnished by the Borrower to the Association pursuant to the provisions of any of

such Sections of the Development Credit Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Bank.

Section 5.03. It is the mutual intention of the Bank and the Borrower that no other external debt shall enjoy any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that 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 (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower or the Guarantor.

Section 5.05. This Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that all the conditions precedent to the effectiveness of the Development Credit Agreement other than the effectiveness of this Loan Agreement shall have been fulfilled.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank: that the Ordinance of the Borrower authorizing or ratifying this Loan Agreement and the Development Credit Agreement has been laid before each House of Parliament of the Commonwealth of Australia.

Section 7.03. The date of October 18, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1974, or such other date as shall be agreed between the Borrower and the Bank.

Section 8.02. The Administrator of the Territory of Papua and New Guinea is designated as the representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 8.03. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

His Honour The Administrator of the Territory of Papua and New Guinea
Port Moresby
Papua and New Guinea

Cable address:

Admin
Port Moresby

For the Bank:

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

Cable address:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

Administration of the Territory of Papua and New Guinea:

By G. A. Low
Authorized Representative

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
December 15, 1974	55,000	December 15, 1984	105,000
June 15, 1975	55,000	June 15, 1985	110,000
December 15, 1975	55,000	December 15, 1985	115,000
June 15, 1976	60,000	June 15, 1986	115,000
December 15, 1976	60,000	December 15, 1986	120,000
June 15, 1977	65,000	June 15, 1987	125,000
December 15, 1977	65,000	December 15, 1987	130,000
June 15, 1978	70,000	June 15, 1988	135,000
December 15, 1978	70,000	December 15, 1988	140,000
June 15, 1979	75,000	June 15, 1989	145,000
December 15, 1979	75,000	December 15, 1989	150,000
June 15, 1980	80,000	June 15, 1990	155,000
December 15, 1980	80,000	December 15, 1990	160,000
June 15, 1981	85,000	June 15, 1991	165,000
December 15, 1981	85,000	December 15, 1991	170,000
June 15, 1982	90,000	June 15, 1992	175,000
December 15, 1982	90,000	December 15, 1992	185,000
June 15, 1983	95,000	June 15, 1993	190,000
December 15, 1983	100,000	December 15, 1993	195,000
June 15, 1984	100,000	June 15, 1994	205,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	3/4%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	2 3/4%
More than eleven years but not more than sixteen years before maturity	4 1/4%
More than sixteen years but not more than twenty years before maturity	5 1/2%
More than twenty years but not more than twenty-two years before maturity .	6 1/2%
More than twenty-two years before maturity	7%

SCHEDULE 2

MODIFICATIONS OF GENERAL CONDITIONS

For the purpose of this Loan Agreement, the provisions of the General Conditions are modified as follows:

A. Paragraphs 12 and 13 of Section 2.01 are deleted and the following paragraphs are substituted therefor:

“12. The term Project means the project or projects or program or programs for which the Loan is granted, as described in the Development Credit Agreement (as such term is defined in the Loan Agreement) and as the description thereof shall be amended from time to time by agreement between the Borrower, the Association and the Bank.

“13. The term external debt means any debt payable in any medium other than the currency of the Guarantor or the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium; provided, however, that if the Guarantor and the Borrower shall cease to have a currency common to them, a debt incurred by one of them in the currency of the other shall be deemed to be the external debt of the borrower.”

B. The last sentence of Section 4.01 is deleted and the following sentence is substituted therefor:

“Withdrawals from the Loan Account shall be made either in the respective currencies in which the cost of goods and services has been paid or is payable or in dollars, as the Bank may from time to time elect, except that where withdrawals may be made in respect of expenditures in the currency of the Guarantor or of the Borrower, such withdrawals shall be made in such currency or currencies as the Bank shall from time to time reasonably select.”

C. The last sentence of Section 5.01 is deleted and the following sentence is substituted therefor:

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the date of the Loan Agreement or (b) expenditures in the currency of the Guarantor or of the Borrower, or for goods produced in, or services supplied from, the territories of the Guarantor or of the Borrower, or (c) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.”

D. Paragraphs (d) and (e) of Section 6.02 are deleted and the following paragraphs are substituted therefor:

“(d) 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 or the Bonds, or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement or the Bonds.

“(e) 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 or shall have become, or shall have been declared, ineligible to use the resources of said Fund.”

E. Paragraph (g) of Section 6.02 is deleted and paragraphs (h) and (j) of Section 6.02 are re-numbered respectively as paragraphs (g) and (i).

F. Paragraph (i) is deleted and the following paragraph (after renumbering) is substituted therefor:

“(h) Any event specified in the Loan Agreement for the purposes of Section 7.01 shall have occurred.”

G. Paragraphs (e) and (f) of Section 7.01 are deleted and paragraph (g) is re-numbered as paragraph (e).

H. The last sentence of paragraph (k) of Section 9.04 is deleted and the following sentence is substituted therefor:

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or the Guarantor (as the case may be) except as such procedure may be available against the Borrower or the Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

I. The first and second sentences of Section 10.03 are deleted and the following sentences are substituted therefor:

“Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement, or the Guarantor

tee 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 him. 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 him; 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.”

J. Paragraphs (a) and (b) of Section 11.01 are deleted and the following paragraphs are substituted therefor:

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

“(b) that the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action; and”

K. The eighth paragraph of the Form of Registered Bond without Coupons payable in Dollars set forth in Schedule 1 is deleted and the following paragraph is substituted therefor:

“The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of the [name of Guarantor], or of [the Borrower], or laws in effect in their territories; provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of [name of Guarantor] or laws in effect in its territories on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of [name of Guarantor] or of its territories or (b) under the laws of [the Borrower] or laws in effect in its territories on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of [the Borrower] or [the Guarantor].”