

No. 19556

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

**Loan Agreement—*University Development Project* (with
schedules and General Conditions Applicable to Loan
and Guarantee Agreements dated 27 October 1980).
Signed at Washington on 13 November 1980**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on 13
February 1981.*

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

**Contrat d'emprunt — *Projet de développement de l'enseigne-
ment universitaire* (avec annexes et Conditions générales
applicables aux contrats d'emprunt et de garantie en
date du 27 octobre 1980). Signé à Washington le 13
novembre 1980**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 13 février 1981.*

LOAN AGREEMENT¹

Loan Number 1904 IND

AGREEMENT, dated November 13, 1980, between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated October 27, 1980,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in this 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) "DGHE" means the Directorate General for Higher Education within the Borrower's Ministry of Education and Culture;

(b) "Project fields" means the academic disciplines of engineering, agriculture, science and economics (including business administration and accountancy); and

(c) "Project Universities" means the University of Indonesia, Gadjah Mada University and Andalas University.

Article II. THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to forty-five million dollars (\$45,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of schedule 1 to this Agreement as such schedule may be amended from time to time by agreement between the Borrower and the Bank, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03. Except as the Bank shall otherwise agree, procurement of the goods and civil works to be financed out of the proceeds of the Loan shall be governed by the provisions of schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1986, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three fourths of one per cent ($3/4$ 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 nine and one fourth per cent ($9-1/4\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

¹ Came into force on 22 January 1981, upon notification by the Bank to the Government of Indonesia.

² See p. 150 of this volume.

Section 2.07. Interest and other charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in schedule 3 to this Agreement.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project through the Project Implementation Task Force within the DGHE with due diligence and efficiency and in conformity with appropriate administrative, educational, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank.

Section 3.03. (a) The Borrower undertakes to insure, 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, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) 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 Project.

Section 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall 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) shall enable the Bank's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall 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.

(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 Bank, 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 3.05. (a) 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 the construction and operation of the facilities included in the Project and shall furnish to the Bank, promptly after such acquisition, evidence satisfactory to the Bank that such land and rights in respect of land are available and satisfactory for purposes related to the Project.

(b) Without limitation on subsection (a) above, the Borrower shall acquire the land and rights in respect of land for the Universities of Gadjah Mada and Andalas in accordance with a schedule satisfactory to the Bank.

Section 3.06. The Borrower shall, in consultation with the Bank, by June 30, 1982, at the Project Universities in the Project fields, introduce, or cause to be introduced, (a) a credit system of course requirements, and (b) in addition to the thesis option, an alternative for the completion of the Sarjana degree.

Section 3.07. The Borrower shall, in consultation with the Bank, develop policies to improve the internal efficiency of the Project Universities in the Project fields; shall implement such policies in accordance with a schedule satisfactory to the Bank; and shall submit an annual report to the Bank on the progress of policy implementation.

Section 3.08. Prior to reproducing or causing the reproduction of any textbook, or any part thereof, under the Project, the Borrower shall obtain the consent of the author and the publisher of any such textbook, or any part thereof, to the proposed reproduction.

Article IV. OTHER COVENANTS

Section 4.01. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members, not to seek, in normal circumstances, special security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any lien 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 such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure the principal of, and interest and other charges on, the Loan, and the Borrower, 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 administrative subdivisions, the Borrower shall promptly and at no cost to the Bank secure the principal of, and interest and other charges on, the Loan by an equivalent lien on other public assets satisfactory to the Bank.

(b) The foregoing undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property, and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this section, the term "public assets" means assets of the Borrower, of any administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

Section 4.02. (a) The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall: (i) have the accounts established for the purposes of the Project for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of said accounts for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and the audit thereof as the Bank shall from time to time reasonably request.

Article V. TERMINATION

Section 5.01. The date February 12, 1981, is hereby specified for the purposes of section 12.04 of the General Conditions.

Article VI. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
c/o Director General for International
Monetary Affairs
Jalan Lapangan Banteng Timur 4
Jakarta, Indonesia

Cable address:

MINISTRY FINANCE
Jakarta

Telex:

DJMLN JKT 45799
DITJMON JKT 46415
DEPKEU JKT 44319

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.

Telex:

440098 (ITT)
248423 (RCA)
64145 (WUI)

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

Republic of Indonesia:
By: HASJIM DJALAL
Authorized Representative

International Bank for Reconstruction and Development:

By: S. SHAHID HUSAIN
Regional Vice President
East Asia and Pacific

SCHEDULE I

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each category and the percentage of expenditures for items so to be financed in each category:

<i>Category</i>	<i>Amount of the loan allocated (expressed in dollar equivalent)</i>	<i>% of expenditures to be financed</i>
(1) Civil works	3,500,000	20%
(2) Equipment	3,800,000	
(a) Directly imported		100% of foreign expenditures
(b) Locally manufactured		95% of local expenditures (ex-factory)
(c) Imported procured locally		75% of local expenditures
(3) Fellowships and training	11,300,000	100%
(4) Expert services	9,100,000	100%
(5) Professional services	5,300,000	100%
(6) Unallocated	<u>12,000,000</u>	
	TOTAL	45,000,000

2. For the purposes of this schedule:

(a) The term "foreign expenditures" means expenditures in the currency of any country other than the Borrower and for goods or services supplied from the territory of any country other than the Borrower; and

(b) The term "local expenditures" means expenditures in the currency of the Borrower and for goods or services supplied from the territory of the Borrower.

3. The disbursement percentages have been calculated in compliance with the policy of the Bank that no proceeds of the loan shall be disbursed on account of payments for 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 such 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 disbursement percentage then applicable to such item as required to be consistent with the aforementioned policy of the Bank.

4. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

5. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if the Bank has reasonably estimated that the amount of the Loan then allocated to any category will be insufficient to finance the agreed percentage of all expenditures in that category, the Bank may, by notice to the Borrower: (i) 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 (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures thereunder shall have been made.

6. If the Bank shall have reasonably determined that the procurement of any item in any category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as, in the Bank's reasonable opinion,

represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

SCHEDULE 2

PROJECT DESCRIPTION

The Project consists of the following parts:

Part A:

The carrying out of a program to increase the number of graduates from the Universities of Indonesia, Gadjah Mada and Andalas (the "Project Universities") in the fields of engineering, science, agriculture and economics including business administration and accountancy (the "Project fields"), through the provision to the Directorate General for Higher Education (the "DGHE") of technical assistance, architectural and engineering services, site development works and other related inputs required for:

1. The development of policies setting standards, measures and targets for improved utilization of staff and physical facilities, promotion and graduation, access to education and quality of education; and
2. The preparation for construction to expand and improve the Project Universities, including initial site development for the new locations of the Universities of Indonesia and Andalas.

Part B:

The carrying out of a program to improve the quality of university education in the Project fields through the provision to the DGHE of technical assistance, equipment and other related inputs required for:

1. The improvement of academic and professional qualifications of teaching staff at the Project Universities by providing, *inter alia*, about 510 man-years of overseas fellowships and about 30 visiting professors, and about 50 man-years of overseas fellowships for on-going programs; and
2. The increase in the relevance and quantity of university textbooks and library books, by providing, *inter alia*: (a) about 150,000 textbooks and about 150,000 copies of professional journals and reference books in the Project related fields to public universities; (b) printing equipment for the Institute of Technology, Bandung and the University of Gadjah Mada; (c) services for translation, editing and design of about 120 titles in the Project related fields; (d) about four man-years of overseas training for editors, and about six man-years of overseas fellowships in library science and administration for staff at the Project Universities.

Part C:

The carrying out of a program to strengthen the planning and management capacity of the DGHE, and the university system, especially the Project Universities, through the provision of technical assistance and related inputs required for:

1. The establishment of: (a) a monitoring and evaluation system consisting of a central unit within DGHE and a local unit at each Project University; (b) a management information system; (c) a University Development Office to provide continuing support for investments in the Borrower's higher education subsector; and (d) a management training program for managers and administrators of the DGHE and universities (about 130 DGHE staff and about 700 senior university staff).
2. Strengthening of the organization and staffing of the Project Universities by preparing master plans and staffing of central administrative offices at each Project University; and
3. The preparation of future investments in the education sector.

The Project is expected to be completed by June 30, 1986.

SCHEDULE 3

AMORTIZATION SCHEDULE

<i>Date payment due</i>	<i>Payment of principal (expressed in dollars)*</i>
On each February 1 and August 1 beginning February 1, 1986 through August 1, 2000	1,500,000

* 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

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:

<i>Time of prepayment</i>	<i>Premium</i>
Not more than three years before maturity	1.40%
More than three years but not more than six years before maturity	2.75%
More than six years but not more than eleven years before maturity	5.00%
More than eleven years but not more than sixteen years before maturity	7.40%
More than sixteen years but not more than eighteen years before maturity	8.30%
More than eighteen years before maturity	9.25%

SCHEDULE 4

PROCUREMENT

A. *International Competitive Bidding*

1. Except as provided in part B hereof, goods and civil works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in March 1977 (hereinafter called the Guidelines), on the basis of international competitive bidding as described in Part A of the Guidelines.

2. For goods and works to be procured on the basis of international competitive bidding, in addition to the requirements of paragraph 1.2 of the Guidelines, the Borrower shall prepare and forward to the Bank as soon as possible, and in any event not later than 60 days prior to the date of availability to the public of the first tender or prequalification documents relating thereto, as the case may be, a general procurement notice, in such form and detail and containing such information as the Bank shall reasonably request; the Bank will arrange for the publication of such notice in order to provide timely notification to prospective bidders of the opportunity to bid for the goods and works in question. The Borrower shall provide the necessary information to update such notice annually so long as any goods or works remain to be procured on the basis of international competitive bidding.

3. For the purpose of evaluation and comparison of bids for the supply of goods to be procured on the basis of international competitive bidding: (i) bidders shall be required to state in their bid the c.i.f. (port of entry) price for the imported goods, or the ex-factory price or off-the-shelf price of other goods, offered in such bid; and (ii) customs duties and other import taxes levied in connection with the importation, or the sales and similar taxes levied in connection with the sale or delivery, pursuant to the bid, of the goods, shall not be taken into account in the evaluation of the bids.

4. Contracts for goods and civil works referred to in parts A and B of this schedule shall be grouped so as to encourage competition and to permit bulk procurement consistent with appropriate technical and procurement practices.

B. *Other Procurement Procedures*

1. Contracts for civil works estimated to cost less than \$1,000,000 equivalent may be awarded after competitive bidding advertised locally under procedures satisfactory to the Bank, provided that the aggregate amount of such contracts shall not exceed \$3,000,000 equivalent.

2. Contracts for goods estimated to cost less than \$300,000 equivalent may be awarded after competitive bidding advertised locally under procedures satisfactory to the Bank, provided that the aggregate amount of such contracts shall not exceed \$1,000,000 equivalent.

3. Contracts for goods estimated to cost less than \$20,000 each may be awarded after prudent local shopping on the basis of at least three price quotations, provided that the aggregate amount of such contracts shall not exceed \$500,000 equivalent.

4. Books and journals may be procured after competitive bidding advertised locally under procedures satisfactory to the Bank or through direct negotiation with publishers.

C. *Preference for Domestic Manufacturers*

In the procurement of goods in accordance with the procedures described in part A of this schedule, goods manufactured in the Republic of Indonesia may be granted a margin of preference in accordance with, and subject to, the following provisions:

1. All bidding documents for the procurement of goods shall clearly indicate any preference which will be granted, the information required to establish the eligibility of a bid for such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

2. After evaluation, responsive bids will be classified in one of the following three groups:

- (1) *Group A*: bids offering goods manufactured in the Republic of Indonesia if the bidder shall have established to the satisfaction of the Borrower and the Bank that the manufacturing cost of such goods includes a value added in the Republic of Indonesia equal to at least 20% of the ex-factory bid price of such goods.
- (2) *Group B*: all other domestic bids.
- (3) *Group C*: bids offering any other goods.

3. In order to determine the lowest evaluated bid of each group, all evaluated bids in each group shall first be compared among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, and sales and similar taxes levied in connection with the sale or delivery, pursuant to the bids, of the goods. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A or group B is the lowest, it shall be selected for the award.

4. If, as a result of the comparison under paragraph 3 above, the lowest bid is a bid from group C, all group C bids shall be further compared with the lowest evaluated bid from group A after adding to the evaluated bid price of the imported goods offered in each group C bid, for the purpose of this further comparison only, an amount equal to: (i) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group C bid; or (ii) 15% of the c.i.f. bid price of such goods if said customs duties and taxes exceed 15% of such price. If the group A bid in such further comparison is the lowest, it shall be selected for the award; if not, the bid from group C which as a result of the comparison under paragraph 3 is the lowest evaluated bid shall be selected.

D. *Review of Procurement Decisions by the Bank*

1. Review of invitations to bid and of proposed awards and final contracts:

With respect to all contracts for civil works estimated to cost the equivalent of \$500,000 or more, and with respect to all contracts for goods estimated to cost the equivalent of \$100,000 or more:

- (a) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Bank shall reasonably request. Any further modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.
- (b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to which it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Guidelines or this schedule, promptly inform the Borrower and state the reasons for such determination.
- (c) The terms and conditions of the contract shall not, without the Bank's concurrence, materially differ from those on which bids were asked or prequalification invited.
- (d) Two conformed copies of the contract shall be furnished to the Bank promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

2. With respect to each contract not governed by the preceding paragraph, the Borrower shall furnish to the Bank, promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids, recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the award of the contract was not consistent with the Guidelines or this schedule, promptly inform the Borrower and state the reasons for such determination.

3. Before agreeing to any material modification or waiver of the terms and conditions of a contract, or granting an extension of the stipulated time for performance of such contract, or issuing any change order under such contract (except in cases of extreme urgency) which would increase the cost of the contract by more than 15% of the original price, the Borrower shall inform the Bank of the proposed modification, waiver, extension or change order and the reasons therefor. The Bank, if it determines that the proposal would be inconsistent with the provisions of this Agreement, shall promptly inform the Borrower and state the reasons for its determination.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

TABLE OF CONTENTS

<i>Article number</i>	<i>Title</i>	<i>Article number</i>	<i>Title</i>
Article I.	Application to Loan and Guarantee Agreements	Section 3.01.	Loan Account
Section 1.01.	Application of General Conditions	Section 3.02.	Commitment Charges
Section 1.02.	Inconsistency with Loan and Guarantee Agreements	Section 3.03.	Interest
		Section 3.04.	Repayment
		Section 3.05.	Place of Payment
Article II.	Definitions; Headings	Article IV.	Currency Provisions
Section 2.01.	Definitions	Section 4.01.	Currencies in which Withdrawals are to be Made
Section 2.02.	References	Section 4.02.	Central Disbursement Account; Withdrawals
Section 2.03.	Headings	Section 4.03.	Principal Amount of the Loan
Article III.	Loan Account; Interest and Other Charges; Repayment; Place of Payment	Section 4.04.	Currency in which Principal is Payable; Maturities

<i>Article number</i>	<i>Title</i>	<i>Article number</i>	<i>Title</i>
Section 4.05.	Central Disbursement Account; Repayments	Article VII.	Acceleration of Maturity
Section 4.06.	Currency in which Premium is Payable	Section 7.01.	Events of Acceleration
Section 4.07.	Currency in which Interest and Other Charges are Payable	Article VIII.	Taxes
Section 4.08.	Purchase of Currencies	Section 8.01.	Taxes
Section 4.09.	Valuation of Currencies	Article IX.	Cooperation and Information; Financial and Economic Data
Section 4.10.	Manner of Payment	Section 9.01.	Cooperation and Information
Article V.	Withdrawal of Proceeds of Loans	Section 9.02.	Financial and Economic Data
Section 5.01.	Withdrawal from the Loan Account	Article X.	Enforceability of Loan Agreement and Guarantee Agreement; Failure to Exercise Rights; Arbitration
Section 5.02.	Special Commitment by the Bank	Section 10.01.	Enforceability
Section 5.03.	Applications for Withdrawal or for Special Commitment	Section 10.02.	Obligations of the Guarantor
Section 5.04.	Evidence of Authority to Sign Applications for Withdrawal	Section 10.03.	Failure to Exercise Rights
Section 5.05.	Supporting Evidence	Section 10.04.	Arbitration
Section 5.06.	Sufficiency of Applications and Documents	Article XI.	Miscellaneous Provisions
Section 5.07.	Payment by the Bank	Section 11.01.	Notices and Requests
Article VI.	Cancellation and Suspension	Section 11.02.	Evidence of Authority
Section 6.01.	Cancellation by the Borrower	Section 11.03.	Action on Behalf of the Borrower or Guarantor
Section 6.02.	Suspension by the Bank	Section 11.04.	Execution in Counterparts
Section 6.03.	Cancellation by the Bank	Article XII.	Effective Date; Termination
Section 6.04.	Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Bank	Section 12.01.	Conditions Precedent to Effectiveness of Loan Agreement and Guarantee Agreement
Section 6.05.	Application of Cancellation to Maturities of the Loan	Section 12.02.	Legal Opinions or Certificates
Section 6.06.	Effectiveness of Provisions after Suspension or Cancellation	Section 12.03.	Effective Date
Section 6.07.	Cancellation of Guarantee	Section 12.04.	Termination of Loan Agreement and Guarantee Agreement for Failure to Become Effective
		Section 12.05.	Termination of Loan Agreement and Guarantee Agreement on Full Payment

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

Dated October 27, 1980

Article I. APPLICATION TO LOAN AND GUARANTEE AGREEMENTS

Section 1.01. APPLICATION OF GENERAL CONDITIONS. These General Conditions set forth certain terms and conditions generally applicable to loans made by the Bank. They shall apply to any loan agreement providing for any such loan and to any guarantee agreement with a member of the Bank providing for the guarantee of any such loan to such extent and subject to such modifications as shall be provided in such agreements; provided, however, that in the case of a loan agreement between the Bank and a member of the Bank, references in these General Conditions to the "Guarantor" and the "Guarantee Agreement" shall be disregarded.

Section 1.02. INCONSISTENCY WITH LOAN AND GUARANTEE AGREEMENTS. If any provision of a 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:

1. The term Bank means International Bank for Reconstruction and Development.
2. The term Association means International Development Association.
3. The term Loan Agreement means the particular loan agreement to which these General Conditions shall have been made applicable, as such agreement may be amended from time to time; and such term includes these General Conditions as thus made applicable, all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement.
4. The term Loan means the loan provided for in the Loan Agreement.
5. The term Guarantee Agreement means the 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; and such term includes these General Conditions as thus made applicable, all agreements supplemental to the Guarantee Agreement and all schedules to the Guarantee Agreement.
6. The term Borrower means the party to the Loan Agreement to which the Loan is made.
7. The term Guarantor means the member of the Bank which is a party to the Guarantee Agreement.
8. The term currency of a country means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in that country. The term currency includes the currency of a country; the Special Drawing Right of the International Monetary Fund; and any unit of account which represents the debt service obligation in respect of a borrowing by the Bank, to the extent of the proceeds of such borrowing.
9. The term dollars and the sign \$ mean dollars in currency of the United States of America.
10. The term 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.
11. The term 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.
12. The term Central Disbursement Account means the account maintained by the Bank on its books to record the amounts in each currency outstanding and not yet repayable under the Loan and under such other loans as the Bank shall determine from time to time.
13. The term external debt means any debt payable in any medium other than currency of the member of the Bank which is the Borrower or the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.
14. The term Effective Date means the date on which the Loan Agreement and the Guarantee Agreement shall come into force and effect as provided in section 12.03.
15. The term lien includes mortgages, pledges, charges, privileges and priorities of any kind.
16. The term assets includes property, revenues and claims of any kind.
17. The term 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.
18. The term 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.
19. The term Closing Date means the date specified in the Loan Agreement as of which the Bank may by notice to the Borrower terminate the right of the Borrower to withdraw from the Loan Account any amount theretofore unwithdrawn.

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 ACCOUNT; INTEREST AND OTHER CHARGES; REPAYMENT; PLACE OF PAYMENT

Section 3.01. LOAN ACCOUNT. The amount of the Loan shall be credited to the Loan Account and may be withdrawn therefrom by the Borrower as provided in the Loan Agreement and in these General Conditions.

Section 3.02. COMMITMENT CHARGES. The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate specified in the Loan Agreement. 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. The Borrower shall pay an additional commitment charge at the rate of one half of one per cent (1/2 of 1%) per annum on the principal amount of any special commitment entered into by the Bank pursuant to section 5.02 and outstanding from time to time.

Section 3.03. INTEREST. The Borrower shall pay interest at the rate specified in the Loan Agreement on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

Section 3.04. REPAYMENT. (a) The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule to the Loan Agreement. The portion of the Loan to be repaid on each maturity date shall be determined by revaluing the principal amount of the maturity specified for that date by the Loan Agreement so as to reflect changes in the amounts in various currencies outstanding in the Central Disbursement Account or in the value of such amounts that occurred since the date or dates of withdrawal of the proceeds of the Loan then outstanding.

(b) The Borrower shall have the right, upon payment of all accrued interest and of the premium specified in said amortization schedule, and upon not less than forty-five days' notice to the Bank, to repay, as of a date acceptable to the Bank, in advance of maturity (i) all of the principal amount of the Loan at the time outstanding, or (ii) all of the principal amount of any one or more maturities, provided that after such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

(c) It is the policy of the Bank to encourage the repayment prior to maturity of portions of its loans retained by the Bank for its own account. Accordingly, the Bank will sympathetically consider, in the light of all circumstances then existing, any request of the Borrower that the Bank waive the payment of any premium payable under paragraph (b) of this section on prepayment of any portion of the Loan which the Bank has not sold or agreed to sell.

Section 3.05. PLACE OF PAYMENT. The principal (including premium, if any) of, and interest and other charges on, the Loan shall be paid at such places as the Bank shall reasonably request.

Article IV. CURRENCY PROVISIONS

Section 4.01. CURRENCIES IN WHICH WITHDRAWALS ARE TO BE MADE. Except as the Borrower and the Bank shall otherwise agree, withdrawals from the Loan Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Loan have been paid or are payable; provided, however, that withdrawals in respect of expenditures in the currency of the member of the Bank which is the Borrower or the Guarantor shall be made in such currency or currencies as the Bank shall from time to time reasonably select.

Section 4.02. CENTRAL DISBURSEMENT ACCOUNT; WITHDRAWALS. Upon each withdrawal from the Loan Account, the amount withdrawn expressed in terms of the currency or currencies of withdrawal shall be entered into the Central Disbursement Account; provided, however, that, if withdrawal shall be made in any currency which the Bank shall have purchased with another

currency for the purpose of such withdrawal, the amount in such other currency paid by the Bank on such purchase shall be entered into the Central Disbursement Account instead.

Section 4.03. PRINCIPAL AMOUNT OF THE LOAN. (a) The principal amount of the Loan withdrawn from the Loan Account and outstanding shall for any date consist of the sum of (i) the aggregate equivalent of the amounts in various currencies found by multiplying each of the several currency amounts outstanding in the Central Disbursement Account as of that date by the Loan's share in the Central Disbursement Account, and (ii) any portion of the principal amount of the Loan which shall remain due and payable after its scheduled maturity date.

(b) The Loan's share in the Central Disbursement Account shall for any date be equivalent to:

(i) The outstanding aggregate equivalent of the values of the amounts in various currencies withdrawn from the Loan Account expressed as of that date, or the respective dates, of withdrawal in terms of a single currency selected by the Bank as a common denominator (or another common denominator selected by the Bank) and revalued to reflect *pro rata* to the Loan's share in the Central Disbursement Account changes in the amounts in various currencies outstanding in the Central Disbursement Account or in the value of such amounts in terms of such common denominator that occurred since such date or dates of withdrawal;

divided by

(ii) The aggregate equivalent of the values of the several currency amounts then outstanding in the Central Disbursement Account, expressed as of the same date in terms of the same common denominator.

Section 4.04. CURRENCY IN WHICH PRINCIPAL IS PAYABLE; MATURITIES. (a) The principal amount of the Loan shall be repayable from time to time in such currency as the Bank shall specify; provided, however, that, when so specified, the aggregate of all loan amounts repayable in such currency and still outstanding in the Central Disbursement Account shall not exceed the amount of such currency outstanding in the Central Disbursement Account.

(b) The portion of the Loan to be repaid in any particular currency shall be the equivalent of such portion of the Loan expressed in terms of such currency as of the date on which such portion of the Loan becomes due and payable.

Section 4.05. CENTRAL DISBURSEMENT ACCOUNT; REPAYMENTS. (a) On each maturity date set forth in the Loan Agreement, the equivalent of the portion of the Loan to be repaid as of such date expressed in terms of the currency specified by the Bank for repayment pursuant to section 4.04 shall be deleted from the Central Disbursement Account.

(b) If on or before any date acceptable to the Bank all or any portion of the Loan is prepaid in accordance with paragraph (b) of section 3.04 and in the currency specified by the Bank pursuant to section 4.04, the amount so prepaid shall be deleted from the Central Disbursement Account on such date.

(c) In the event of a notice given pursuant to section 7.01, the principal amount of currency specified in such notice shall be deleted from the Central Disbursement Account on the date or the respective dates of its repayment.

Section 4.06. CURRENCY IN WHICH PREMIUM IS PAYABLE. Any premium payable under section 3.04 on prepayment of any portion of the Loan shall be payable in the currency in which the principal of such portion of the Loan is repayable.

Section 4.07. CURRENCY IN WHICH INTEREST AND OTHER CHARGES ARE PAYABLE. Interest and other charges on the Loan shall be payable in such currency or currencies as the Bank shall from time to time specify.

Section 4.08. PURCHASE OF CURRENCIES. The Bank will, at the request of the Borrower and on such terms and conditions as the Bank shall determine, use its best efforts to purchase any

currency needed by the Borrower for payment of principal, interest and other charges required under the Loan Agreement upon payment by the Borrower of sufficient funds therefor in a currency or currencies to be specified by the Bank from time to time. In purchasing the currencies required the Bank shall be acting as agent of the Borrower and 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 currency or currencies required.

Section 4.09. 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 shall be made applicable, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank. The Bank may value an amount of currency outstanding in the Central Disbursement Account which represents the proceeds of a borrowing by the Bank (the borrowed currency) in such manner as may be required to reflect the debt service obligation of the Bank in respect of such amount; and notwithstanding the provision of sections 4.04 (a) and 4.05 the Bank may specify, for repayment of the principal amount of the Loan, another currency needed by the Bank to repay the borrowing and, in such a case, an equivalent amount of the borrowed currency shall be deleted from the Central Disbursement Account.

Section 4.10. 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 law of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Bank with a depository of the Bank in such country.

(b) The principal (including premium, if any) of, and interest and other charges on, the Loan 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 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 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 shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of 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.*

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 under the Loan Agreement notwithstanding any subsequent suspension or cancellation by the Bank or the Borrower.

Section 5.03. APPLICATIONS FOR WITHDRAWAL OR FOR SPECIAL COMMITMENT. When the Borrower shall desire 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, with the necessary documentation as hereinafter in this article provided, shall be made promptly in relation to expenditures for the Project.

Section 5.04. EVIDENCE OF AUTHORITY TO SIGN APPLICATIONS 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.

* Withdrawals may be made from the Loan Account on account of expenditures in, or for goods produced in or services supplied from, Taiwan.

Section 5.05. SUPPORTING EVIDENCE. The Borrower shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application.

Section 5.06. 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 5.07. 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 prior to the giving of such notice, 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 of suspension 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 payment required under: (i) the Loan Agreement, or (ii) any other loan or guarantee agreement with the Bank or any bond or similar instrument delivered pursuant to any such agreement, or (iii) any development credit agreement with the Association.
- (b) The Guarantor shall have failed to make payment of principal or interest or any other payment required under: (i) the Guarantee Agreement, or (ii) any other loan or guarantee agreement with the Bank or any bond or similar instruments delivered pursuant to any such agreement, or (iii) any development credit agreement with the Association.
- (c) The Borrower or the Guarantor shall have failed to perform any other obligation under the Loan Agreement or the Guarantee 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 or the Guarantee Agreement, or any statement furnished in connection therewith, and intended

to be relied upon by the Bank in making the Loan, 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) 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 that the right to make withdrawals has been restored; provided, however, that such notice of restoration may limit the right to make withdrawals.

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) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, or (d) the Bank shall have received notice from the Guarantor pursuant to section 6.07 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. APPLICATION OF CANCELLATION TO MATURITIES OF THE LOAN. Except as otherwise agreed between the Bank and the Borrower, any cancellation shall be applied *pro rata* to the several maturities of the principal amount of the Loan which shall mature after the date of such cancellation and shall not have been theretofore sold or agreed to be sold by the Bank.

Section 6.06. 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 in this article specifically provided.

Section 6.07. 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 of the Loan then outstanding to be due and payable immediately together with

the interest and other charges thereon and upon any such declaration such principal, together with the interest and other charges thereon, shall become due and payable immediately:

- (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 of principal or interest or any other payment required under any other loan or guarantee agreement between the Bank and the Borrower or under any bond or similar instrument delivered pursuant to any such agreement or under any development credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days.
- (d) A default shall occur in the payment of principal or interest or any other payment required under any loan or guarantee agreement between the Guarantor and the Bank or under any bond or similar instrument delivered pursuant to any such agreement or under any development credit agreement between the Association and the Guarantor 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 or the Guarantee 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) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Borrower (other than a member of the Bank) or for the suspension of its operations.
- (h) 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.

Article VIII. TAXES

Section 8.01. TAXES. (a) The principal of, and interest and other 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 shall be made applicable, 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

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 from time to time, at the request of any one of them:

- (i) Exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under the Loan Agreement and the Guarantee Agreement and other matters relating to the purposes of the Loan; and
- (ii) Furnish to the other party all such information as it shall reasonably request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Loan.

(b) The Bank, the Borrower and the Guarantor shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by any one of them of its obligations under the Loan Agreement and the Guarantee Agreement.

(c) The member of the Bank which is the Borrower or the Guarantor shall afford all reasonable opportunity for accredited 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.

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. 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 be subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower; 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; any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; 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; nor shall any action of such party in respect of any default, or any acquiescence by it in any default, 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 shall not be 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 him, 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 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 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 any claim by any such party against any other such party arising thereunder.

(k) If within thirty days after counterparts of the award shall be delivered to the parties the award shall not be complied with, any party may enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party, may enforce such judgment by execution or may 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, telegram, cable, telex or radiogram 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.

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 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. 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 shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and the Guarantee Agreement shall come into force and 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, the Bank 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 LOAN AGREEMENT AND GUARANTEE AGREEMENT FOR FAILURE TO BECOME EFFECTIVE. If the Loan Agreement shall not have come into force and 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 the premium, if any, on the prepayment of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall forthwith terminate.
