

No. 23509

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BANGLADESH**

Development Credit Agreement—*Flood Rehabilitation Project* (with schedules and General Conditions Applicable to Development Credit Agreements dated 1 January 1985). Signed at Washington on 2 May 1985

Authentic text of the Agreement: English.

Authentic texts of the General Conditions: English and French.

Registered by the International Development Association on 11 September 1985.

**ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT
et
BANGLADESH**

Contrat de crédit de développement — *Projet relatif au relèvement des régions affectées par les inondations* (avec annexes et Conditions générales applicables aux contrats de crédit de développement en date du 1^{er} janvier 1985). Signé à Washington le 2 mai 1985

Texte authentique du Contrat : anglais.

Textes authentiques des Conditions générales : anglais et français.

Enregistré par l'Association internationale de développement le 11 septembre 1985.

DEVELOPMENT CREDIT AGREEMENT¹ (*FLOOD REHABILITATION PROJECT*) BETWEEN BANGLADESH AND INTERNATIONAL DEVELOPMENT ASSOCIATION

Credit Number 1587 BD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 2, 1985, between PEOPLE'S REPUBLIC OF BANGLADESH (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

Whereas (A) The Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

Whereas the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

Now therefore the parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The General Conditions Applicable to Development Credit Agreements of the Association, dated January 1, 1985, with the modifications set forth in Schedule 6 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. 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) "BWDB" means the Bangladesh Water Development Board established and operating pursuant to the Bangladesh Water and Power Development Board Order, 1972 (P.O. No. 59 of 1972);

(b) "RHD" means the Roads and Highways Department of the Ministry of Communications of the Borrower;

(c) "IWTA" means the Inland Water Transport Authority established under the Inland Water Transport Authority Ordinance, 1958 (EP Ordinance No. LXXV of 1958);

(d) "LGD" means the Local Government Division within the Ministry of Local Government, Rural Development and Cooperatives of the Borrower;

(e) "Implementing Agencies" means BWDB, RHD, IWTA and LGD collectively;

(f) "Bangladesh Bank" means the Central Bank of Bangladesh established under Bangladesh Bank Order, 1972 (President's Order No. 127, 1972);

(g) "Rehabilitation Works" means any program of reconstruction or repair, including the provision of equipment and technical assistance therefor, selected or

¹ Came into force on 5 June 1985, upon notification by the Association to the Government of Bangladesh.

proposed to be selected by the Borrower under the Project pursuant to Section 3.02 of this Agreement; and

(h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to thirty-one million three hundred thousand Special Drawing Rights (SDR 31,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit 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 Association, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in Bangladesh Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1987 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one per cent ($1/2$ of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15 commencing October 15, 1995 and ending April 15, 2035. Each installment to and including the installment payable on April 15, 2005, shall be one-half of one per cent ($1/2$ of 1%) of such principal amount, and each installment thereafter shall be one and one-half per cent ($1-1/2\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the Implementing Agencies with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation to the generality of paragraph *(a)* above, the Borrower shall ensure that adequate funds will be allocated for the operation and maintenance of the Rehabilitation Works.

Section 3.02. Without limitation or restriction on the Borrower's obligations under Section 3.01 of this Agreement, the Borrower shall, or shall cause the Implementing Agencies to, select Rehabilitation Works to be carried out under the Project in accordance with criteria satisfactory to the Association including those set forth in Schedule 5 to this Agreement.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. The Borrower shall cause the Implementing Agencies to construct and improve all works included in the Project in accordance with design standards and construction specifications satisfactory to the Association.

Section 3.05. The Borrower shall:

(a) Carry out a study, under terms of reference satisfactory to the Association, for the purpose of strengthening the existing flood preparedness system;

(b) By December 31, 1986, furnish to the Association for its comments the findings and recommendations of such study; and

(c) Thereafter implement such recommendations as the Borrower and the Association shall have agreed upon.

Article IV. OTHER COVENANTS

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures, in respect of the Project, of the Implementing Agencies.

(b) The Borrower shall, or shall cause the Implementing Agencies to:

(i) Have the accounts referred to in paragraph *(a)* of this Section, including the Special Account, for each fiscal year audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) Furnish to the Association, as soon as available, but in any case not later than nine months after the end of each such year, a certified copy of the report of such audit by the said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) Furnish to the Association such other information concerning the said accounts and the audit thereof and said records as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals are requested from the Credit Account on the basis of statements of expenditure, the Borrower shall, or shall cause the Implementing Agencies to:

- (i) Maintain, in accordance with paragraph (a) of this Section, separate records and accounts reflecting such expenditures;
- (ii) Retain, until one year after the Closing Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) Enable the Association's representatives to examine such records; and
- (iv) Ensure that such separate accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report thereof contains, in respect of such separate accounts, a separate opinion by the said auditors as to whether the proceeds of the Credit withdrawn in respect of such expenditures have been used for the purpose for which they were provided.

Article V. TERMINATION

Section 5.01. The date 60 days after the date of this Agreement 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 Secretary or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the External Resources Division of the Ministry 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:

External Resources Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Dhaka, Bangladesh

Cable address:

BAHIRSAMPAD
Dhaka

Telex:

642226 SETU BJ

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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.

People's Republic of Bangladesh:

By: /s/A. Z. M. OBAYDULLAH KHAN
Authorized Representative

International Development Association:

By: /s/W. DAVID HOPPER
Regional Vice President
South Asia

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

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

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in SDR Equivalent)</i>	<i>% of Expenditures to be Financed</i>
(1) BWDB		
(a) Civil works (including construction materials)	2,100,000	95%
(b) Consultants' services	525,000	100%
(2) RHD		
(a) Civil works (including construction materials)	12,570,000	95%
(b) Equipment	2,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally
(c) Consultants' services	325,000	100%
(3) IWTA		
(a) Civil works (including construction materials)	195,000	95%
(b) Equipment	1,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) LGD		
(a) Civil works (including construction materials)	5,630,000	95%
(b) Consultants' services	325,000	100%
(5) Special Account		Amounts to be deposited pursuant to paragraph 3(a) of Schedule 4 to this Agreement
(a) BWDB	750,000	
(b) RHD	2,000,000	
(c) IWTA	530,000	
(d) LGD	950,000	
(6) Unallocated	2,000,000	
TOTAL	31,300,000	

2. For the purposes of this Schedule:

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

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

3. 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 except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 6,300,000, may be made in respect of Categories (2), (3) and (4) on account of payments made for expenditures before that date but after October 1, 1984.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The objectives of the Project are to assist the Borrower in the financing of a high priority program to restore flood damaged facilities in the Borrower's territory.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A

Restoration, by BWDB, of irrigation, drainage and flood protection works comprising, *inter alia*: the compacted filling of embankment breaches; the resectioning, strengthening and protecting of damaged embankments; the retirement of embankments where the existing location is no longer tenable; and the repair or replacement of damaged or destroyed water control structures.

Part B

Restoration, by RHD and LGD, of roads and associated structures comprising, *inter alia*: the compacted filling of embankment breaches; the resectioning, strengthening and protecting of eroded embankments; reconstruction of damaged culverts, bridges and retaining walls; restoration of road shoulders; and the repair and strengthening of damaged pavement.

Part C

Provision to RHD of additional equipment and material to enable RHD to carry out its construction programs under Part B of the Project.

Part D

Provision to IWTA of navigational aids and other equipment to replace the flood damaged equipment, including, *inter alia*, the provision of steel lantern buoys, mooring gear, dredger pipe, steel pontoons, shore beacons, markers, gauges and recorders as well as two work boats and a tug boat.

Part E

Repair, by IWTA, of jetties and landing stages damaged by the floods.

Part F

Provision of technical assistance to BWDB, RHD and LGD.

* * *

The Project is expected to be completed by June 30, 1987.

SCHEDULE 3

PROCUREMENT AND CONSULTANTS' SERVICES

SECTION I. *Procurement of Goods and Works**Part A. INTERNATIONAL COMPETITIVE BIDDING*

Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in August 1984 (the Guidelines).

Part B. PREFERENCE FOR DOMESTIC MANUFACTURERS

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Bangladesh may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C. OTHER PROCUREMENT PROCEDURES

1. Contracts for civil works shall be awarded on the basis of local competitive bidding procedures satisfactory to the Association, provided, however, that installation of sluice gates may be carried out through force account.

2. Contracts for pontoons, buoys and workboats may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

Part D. REVIEW BY THE ASSOCIATION OF PROCUREMENT DECISIONS

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

(a) With respect to each contract estimated to cost the equivalent of \$150,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be

modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 (the Special Account Schedule) to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

SECTION II. *Employment of Consultants*

In order to assist the Borrower in carrying out the Project, the Borrower shall employ or cause to be employed consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

SPECIAL ACCOUNT

1. For the purposes of this Schedule:

(a) The term "Category" means a category of items to be financed out of the proceeds of the Credit as set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) The term "sub-category" means any of the four sub-categories of Category (5);

(c) The term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to Categories (1), (2), (3) and (4) in accordance with the provisions of Schedule 1 to this Agreement; and

(d) The term "Authorized Allocation" means an amount in dollars equivalent to the aggregate amount allocated to all sub-categories which is to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to the Association that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower, in respect of one or more sub-categories, for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation but which do not exceed the respective amounts allocated to each sub-category, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts in respect of such sub-category or sub-categories as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. Except as

the Association may otherwise agree, each such deposit shall be withdrawn by the Association from the Credit Account under the respective Categories (1), (2), (3) and (4) and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

- (i) The Association shall have determined that all further withdrawals can be made directly by the Borrower from the Credit Account in accordance with the provisions of paragraph (a) of Section 2.02 of this Agreement; or
- (ii) Unless otherwise agreed by the Association, when the total unwithdrawn amount of the Credit allocated to Categories (1), (2), (3) and (4) for the Project, minus the amount of any outstanding qualified agreement to reimburse made by the Association and of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to Categories (1), (2), (3) and (4) for the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Except as the Association shall otherwise agree, such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice have been or will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless otherwise agreed by the Association, no further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

SCHEDULE 5

CRITERIA FOR THE SELECTION OF REHABILITATION WORKS

1. Unless the Association shall otherwise agree, all town protection works, and other Rehabilitation Works estimated to cost the equivalent of \$500,000 or more, may be undertaken only after prior review and approval by the Association of the scope of such works and of the expenditures involved.

2. Rehabilitation Works not covered under the preceding paragraph do not need prior approval by the Association but must be selected in accordance with the following criteria:

- (a) Damages to be repaired are:
 - (i) A consequence of the 1984 floods, or
 - (ii) Damages which, if not repaired, will vitiate or seriously diminish the effectiveness of other flood damages being repaired under the Project;
- (b) Reconstruction would restore structures to their original specifications or to such higher specifications as may now be warranted to ensure its integrity over a reasonable life; and
- (c) Other external sources of finance are not available.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS APPLICABLE
TO DEVELOPMENT CREDIT AGREEMENTS

TABLE OF CONTENTS

<i>Article Number</i>	<i>Title</i>	<i>Article Number</i>	<i>Title</i>
Article I.	Application to Development Credit Agreements	Article VI.	Cancellation and Suspension
Section 1.01.	Application of General Conditions	Section 6.01.	Cancellation by the Borrower
Section 1.02.	Inconsistency with Development Credit Agreements	Section 6.02.	Suspension by the Association
Article II.	Definitions; Headings	Section 6.03.	Cancellation by the Association
Section 2.01.	Definitions	Section 6.04.	Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Association
Section 2.02.	References	Section 6.05.	Application of Cancellation to Maturities of the Credit
Section 2.03.	Headings	Section 6.06.	Effectiveness of Provisions after Suspension or Cancellation
Article III.	Credit Account; Service Charges; Repayment; Place of Payment	Article VII.	Acceleration of Maturity
Section 3.01.	Credit Account	Section 7.01.	Events of Acceleration
Section 3.02.	Service Charges	Article VIII.	Taxes
Section 3.03.	Computation of Service Charges	Section 8.01.	Taxes
Section 3.04.	Repayment	Article IX.	Cooperation and Information; Financial and Economic Data; Project Implementation
Section 3.05.	Place of Payment	Section 9.01.	Cooperation and Information
Article IV.	Currency Provisions	Section 9.02.	Financial and Economic Data
Section 4.01.	Currencies in which Withdrawals are to be Made	Section 9.03.	Insurance
Section 4.02.	Currencies in which Principal and Service Charges are Payable	Section 9.04.	Use of Goods and Services
Section 4.03.	Amount of Repayment	Section 9.05.	Plans and Schedules
Section 4.04.	Purchase of Currency of Withdrawal with Other Currency	Section 9.06.	Records and Reports
Section 4.05.	Valuation of Currencies	Section 9.07.	Maintenance
Section 4.06.	Manner of Payment	Section 9.08.	Land Acquisition
Article V.	Withdrawal of Proceeds of Credit	Article X.	Enforceability of Development Credit Agreement; Failure to Exercise Rights; Arbitration
Section 5.01.	Withdrawal from the Credit Account	Section 10.01.	Enforceability
Section 5.02.	Special Commitments by the Association	Section 10.02.	Failure to Exercise Rights
Section 5.03.	Applications for Withdrawal or for Special Commitment	Section 10.03.	Arbitration
Section 5.04.	Reallocation	Article XI.	Miscellaneous Provisions
Section 5.05.	Evidence of Authority to Sign Applications for Withdrawal	Section 11.01.	Notices and Requests
Section 5.06.	Supporting Evidence	Section 11.02.	Evidence of Authority
Section 5.07.	Sufficiency of Applications and Documents	Section 11.03.	Action on Behalf of the Borrower
Section 5.08.	Treatment of Taxes	Section 11.04.	Execution in Counterparts
Section 5.09.	Payment by the Association		

<i>Article Number</i>	<i>Title</i>	<i>Article Number</i>	<i>Title</i>
Article XII.	Effective Date; Termination	Section 12.04.	Termination of Development Credit Agreement for Failure to Become Effective
Section 12.01.	Conditions Precedent to Effectiveness of Development Credit Agreement	Section 12.05.	Termination of Development Credit Agreement on Full Payment
Section 12.02.	Legal Opinions or Certificates		
Section 12.03.	Effective Date		

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

Dated January 1, 1985

Article I. APPLICATION TO DEVELOPMENT CREDIT AGREEMENTS

Section 1.01. APPLICATION OF GENERAL CONDITIONS. These General Conditions set forth certain terms and conditions generally applicable to development credits granted by the Association to its members. They apply to any development credit agreement providing for any such development credit to the extent and subject to any modifications set forth in such agreement.

Section 1.02. INCONSISTENCY WITH DEVELOPMENT CREDIT AGREEMENTS. If any provision of a development credit agreement is inconsistent with a provision of these General Conditions, the provision of the agreement shall govern.

Article II. DEFINITIONS; HEADINGS

Section 2.01. DEFINITIONS. The following terms have the following meanings wherever used in these General Conditions:

1. "Association" means the International Development Association.
2. "Bank" means the International Bank for Reconstruction and Development.
3. "Development Credit Agreement" means the particular development credit agreement to which these General Conditions apply, as such agreement may be amended from time to time. Development Credit Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Credit Agreement.
4. "Credit" means the development credit provided for in the Development Credit Agreement.
5. "Borrower" means the member of the Association to which the Credit is granted.
6. "Currency of a country" means the coin or currency which is legal tender for the payment of public and private debts in that country.
7. "Dollars" and the sign "\$" mean dollars in the currency of the United States of America.
8. "Credit Account" means the account opened by the Association on its books in the name of the Borrower to which the amount of the Credit is credited.
9. "Project" means the project or program for which the Credit is granted, as described in the Development Credit Agreement and as the description thereof may be amended from time to time by agreement between the Borrower and the Association.
10. "External debt" means any debt which is or may become payable other than in the currency of the country which is the Borrower.
11. "Effective Date" means the date on which the Development Credit Agreement shall enter into effect as provided in Section 12.03.

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

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

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

Section 2.02. REFERENCES. References in these General Conditions to Articles or Sections are to Articles or Sections of these General Conditions.

Section 2.03. HEADINGS. The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these General Conditions.

Article III. CREDIT ACCOUNT; SERVICE CHARGES; REPAYMENT; PLACE OF PAYMENT

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

Section 3.02. SERVICE CHARGES. The Borrower shall pay a service charge on the amount of the Credit withdrawn and outstanding from time to time at the rate specified in the Development Credit Agreement. The Borrower shall pay an additional service charge at the rate of one-half of one per cent (1/2 of 1%) per annum on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 5.02.

Section 3.03. COMPUTATION OF SERVICE CHARGES. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.04. REPAYMENT. (a) The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in installments as provided in the Development Credit Agreement.

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

Section 3.05. PLACE OF PAYMENT. The principal of, and service charges on, the Credit shall be paid at such places as the Association shall reasonably request.

Article IV. CURRENCY PROVISIONS

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

Section 4.02. CURRENCIES IN WHICH PRINCIPAL AND SERVICE CHARGES ARE PAYABLE. (a) The Borrower shall pay the principal amount of, and service charges on, the Credit in the currency specified in the Development Credit Agreement for the purposes of this Section or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.

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

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

(d) If at any time the Association shall determine that a currency payable pursuant to the provisions of this Section is not an eligible currency, the Association shall so notify the Borrower in writing and furnish the Borrower with a list of eligible currencies.

(e) Within thirty days from the date of such notice from the Association, the Borrower shall notify the Association in writing of its selection from such list of a currency in which payment shall be made, failing which the Association shall select a currency for such purpose from such list. Upon such selection in either manner, such principal and service charges shall, commencing on the payment date next succeeding such thirty-day period, be payable in the currency so selected.

Section 4.03. AMOUNT OF REPAYMENT. The principal amount of the Credit repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the currency or currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.

Section 4.04. PURCHASE OF CURRENCY OF WITHDRAWAL WITH OTHER CURRENCY. If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 4.03.

Section 4.05. VALUATION OF CURRENCIES. Whenever it shall be necessary for the purposes of the Development Credit Agreement, or any other agreement to which these General Conditions apply, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Association.

Section 4.06. MANNER OF PAYMENT. (a) Any payment required under the Development Credit Agreement to be made to the Association in the currency of a country shall be made in such manner, and in currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Association with a depository of the Association in such country.

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

Article V. WITHDRAWAL OF PROCEEDS OF CREDIT

Section 5.01. WITHDRAWAL FROM THE CREDIT ACCOUNT. The Borrower shall be entitled to withdraw from the Credit Account amounts expended or, if the Association shall so agree, amounts to be expended for the Project in accordance with the provisions of the Development Credit Agreement and of these General Conditions. Except as the Borrower and the Association shall otherwise agree, 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 COMMITMENTS BY THE ASSOCIATION. Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Association, the Association may enter into special commitments in writing to pay amounts

to the Borrower or others in respect of expenditures to be financed out of the proceeds of the Credit notwithstanding any subsequent suspension or cancellation by the Association or the Borrower.

Section 5.03. APPLICATIONS FOR WITHDRAWAL OR FOR SPECIAL COMMITMENT. When the Borrower shall desire to withdraw any amount from the Credit Account or to request the Association to enter into a special commitment pursuant to Section 5.02, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to expenditures for the Project.

Section 5.04. REALLOCATION. Notwithstanding the allocation of an amount of the Credit or the percentages for withdrawal set forth or referred to in the Development Credit Agreement, if the Association has reasonably estimated that the amount of the Credit then allocated to any withdrawal category set forth in the Development Credit Agreement or added thereto by amendment will be insufficient to finance the agreed percentage of all expenditures in that category, the Association may, by notice to the Borrower:

(a) Reallocate to such category, to the extent required to meet the estimated shortfall, proceeds of the Credit which are then allocated to another category and which in the opinion of the Association are not needed to meet other expenditures; and

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

Section 5.05. EVIDENCE OF AUTHORITY TO SIGN APPLICATIONS FOR WITHDRAWAL. The Borrower shall furnish to the Association evidence of the authority of the person or persons authorized to sign applications for withdrawal and the authenticated specimen signature of any such person.

Section 5.06. SUPPORTING EVIDENCE. The Borrower shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have permitted any withdrawal requested in the application.

Section 5.07. SUFFICIENCY OF APPLICATIONS AND DOCUMENTS. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Borrower is entitled to withdraw from the Credit Account the amount applied for and that the amount to be withdrawn from the Credit Account is to be used only for the purposes specified in the Development Credit Agreement.

Section 5.08. TREATMENT OF TAXES. It is the policy of the Association that no proceeds of the Credit shall be withdrawn on account of payments for any taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof. To that end, if the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Credit decreases or increases, the Association may, by notice to the Borrower, increase or decrease the percentage for withdrawal set forth or referred to in respect of such item in the Development Credit Agreement as required to be consistent with such policy of the Association.

Section 5.09. PAYMENT BY THE ASSOCIATION. The Association shall pay the amounts withdrawn by the Borrower from the Credit Account only to or on the order of the Borrower.

Article VI. CANCELLATION AND SUSPENSION

Section 6.01. CANCELLATION BY THE BORROWER. The Borrower may, by notice to the Association, cancel any amount of the Credit which the Borrower shall not have withdrawn,

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

Section 6.02. SUSPENSION BY THE ASSOCIATION. If any of the following events of suspension shall have occurred and be continuing, the Association may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account:

- (a) The Borrower shall have failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the Bank: (i) under the Development Credit Agreement, or (ii) under any other development credit agreement between the Borrower and the Association, or (iii) under any loan or guarantee agreement between the Borrower and the Bank, or (iv) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Borrower.
- (b) The Borrower shall have failed to perform any other obligation under the Development Credit Agreement.
- (c) (i) The Association or the Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any development credit agreement with the Association or any loan agreement with the Bank because of a failure by the Borrower to perform any of its obligations under such agreement; or (ii) the Bank shall have suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Borrower because of a failure by such borrower to perform any of its obligations under such agreement.
- (d) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Borrower will be able to perform its obligations under the Development Credit Agreement.
- (e) The Borrower: (i) shall have been suspended from membership in or ceased to be a member of the Association; or (ii) shall have ceased to be a member of the International Monetary Fund.
- (f) After the date of the Development Credit Agreement and prior to the Effective Date, any event shall have occurred which would have entitled the Association to suspend the Borrower's right to make withdrawals from the Credit Account if the Development Credit Agreement had been effective on the date such event occurred.
- (g) A representation made by the Borrower, in or pursuant to the Development Credit Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Association in making the Credit, shall have been incorrect in any material respect.
- (h) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred.

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

Section 6.03. CANCELLATION BY THE ASSOCIATION. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines that the procurement of any item is inconsistent with the

procedures set forth or referred to in the Development Credit Agreement and establishes the amount of the expenditures in respect of such item which would otherwise have been eligible for financing out of the proceeds of the Credit or, (d) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be cancelled.

Section 6.04. AMOUNTS SUBJECT TO SPECIAL COMMITMENT NOT AFFECTED BY CANCELLATION OR SUSPENSION BY THE ASSOCIATION. No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 5.02 except as expressly provided in such commitment.

Section 6.05. APPLICATION OF CANCELLATION TO MATURITIES OF THE CREDIT. Except as the Borrower and the Association shall otherwise agree, any cancellation shall be applied *pro rata* to the several installments of the principal amount of the Credit maturing after the date of such cancellation.

Section 6.06. EFFECTIVENESS OF PROVISIONS AFTER SUSPENSION OR CANCELLATION. Notwithstanding any cancellation or suspension, all the provisions of the Development Credit Agreement shall continue in full force and effect except as specifically provided in this Article.

Article VII. ACCELERATION OF MATURITY

Section 7.01. EVENTS OF ACCELERATION. If any of the following events shall occur and shall continue for the period specified below, if any, then at any subsequent time during the continuance thereof, the Association, at its option, may, by notice to the Borrower, declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately:

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

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

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

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

Article VIII. TAXES

Section 8.01. TAXES. (a) The principal of, and other charges on, the Credit shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Borrower.

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

Article IX. COOPERATION AND INFORMATION; FINANCIAL AND ECONOMIC DATA;
PROJECT IMPLEMENTATION

Section 9.01. COOPERATION AND INFORMATION. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall:

- (i) From time to time, at the request of any one of them, exchange views with regard to the progress of the Project, the purposes of the Credit, and the performance of their respective obligations under the Development Credit Agreement; and furnish to the other party all such information related thereto as it shall reasonably request; and
- (ii) Promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in paragraph (i) above.

(b) The Borrower shall afford all reasonable opportunity for representatives of the Association to visit any part of its territories for purposes related to the Credit.

Section 9.02. FINANCIAL AND ECONOMIC DATA. The Borrower shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory including its balance of payments and its external debt as well as that of its political or administrative subdivisions and any entity owned or controlled by, or operating for the account or benefit of the Borrower or any such subdivision, and any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

Section 9.03. INSURANCE. The Borrower shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

Section 9.04. USE OF GOODS AND SERVICES. Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the purposes of the Project.

Section 9.05. PLANS AND SCHEDULES. The Borrower shall furnish, or cause to be furnished, to the Association promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

Section 9.06. RECORDS AND REPORTS. (a) The Borrower shall: (i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Credit, and to disclose their use in the Project; (ii) enable the Association's representatives to visit any facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Credit and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Borrower under the Development Credit Agreement; and (iii) furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

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

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

Section 9.07. MAINTENANCE. The Borrower shall at all times operate and maintain, or cause to be operated and maintained, any facilities relevant to the Project, and promptly as needed, make or cause to be made all necessary repairs and renewals thereof.

Section 9.08. LAND ACQUISITION. The Borrower shall take, or cause to be taken, all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Association, promptly upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

*Article X. ENFORCEABILITY OF DEVELOPMENT CREDIT AGREEMENT;
FAILURE TO EXERCISE RIGHTS; ARBITRATION*

Section 10.01. ENFORCEABILITY. The rights and obligations of the Borrower and the Association under the Development Credit Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political subdivision thereof to the contrary. Neither the Borrower nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or the Development Credit Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 10.02. FAILURE TO EXERCISE RIGHTS. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Development Credit Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 10.03. ARBITRATION. (a) Any controversy between the parties to the Development Credit Agreement and any claim by either such party against the other arising under the Development Credit Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Borrower.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Borrower; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such pro-

ceeding. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

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

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

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Development Credit Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

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

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

(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 Development Credit Agreement waive any and all other requirements for the service of any such notice or process.

Article XI. MISCELLANEOUS PROVISIONS

Section 11.01. NOTICES AND REQUESTS. Any notice or request required or permitted to be given or made under the Development Credit Agreement and any other agreement between the parties contemplated by the Development Credit Agreement shall be in writing. Except as otherwise provided in Section 12.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Development Credit Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 11.02. EVIDENCE OF AUTHORITY. The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person.

Section 11.03. ACTION ON BEHALF OF THE BORROWER. Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Development Credit Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Development Credit Agreement for the purposes of this Section or any person thereunto authorized in writing by such representative. Any modification or amplification of the provisions of the Development Credit Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by such representative, provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Development Credit Agreement. The Association may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Development Credit Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

Section 11.04. EXECUTION IN COUNTERPARTS. The Development Credit Agreement may be executed in several counterparts, each of which shall be an original.

Article XII. EFFECTIVE DATE; TERMINATION

Section 12.01. CONDITIONS PRECEDENT TO EFFECTIVENESS OF DEVELOPMENT CREDIT AGREEMENT. The Development Credit Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that:

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

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

Section 12.02. LEGAL OPINIONS OR CERTIFICATES. As part of the evidence to be furnished pursuant to Section 12.01, the Borrower shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Borrower, showing:

(a) That the Development Credit Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms; and

(b) Such other matters as shall be specified in the Development Credit Agreement or as shall be reasonably requested by the Association in connection therewith.

Section 12.03. EFFECTIVE DATE. (a) Except as the Borrower and the Association shall otherwise agree, the Development Credit Agreement shall enter into effect on the date on which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 12.01.

(b) If, before the Effective Date, any event shall have occurred which would have entitled the Association to suspend the right of the Borrower to make withdrawals from the Credit Account if the Development Credit Agreement had been effective, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event or events shall have ceased to exist.

Section 12.04. TERMINATION OF DEVELOPMENT CREDIT AGREEMENT FOR FAILURE TO BECOME EFFECTIVE. If the Development Credit Agreement shall not have entered into effect by the date specified therein for the purposes of this Section, the Development Credit Agreement and all obligations of the parties thereunder shall terminate, unless the Association, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

Section 12.05. TERMINATION OF DEVELOPMENT CREDIT AGREEMENT ON FULL PAYMENT. If and when the entire principal amount of the Credit withdrawn from the Credit Account and all charges which shall have accrued on the Credit shall have been paid, the Development Credit Agreement and all obligations of the parties thereunder shall forthwith terminate.
