

No. 23829

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

**Loan Agreement—*Second University Development Project*
(with schedules and General Conditions Applicable to
Loan and Guarantee Agreements dated 1 January
1985). Signed at Washington on 18 June 1985**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development
on 24 February 1986.*

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

**Contrat d'emprunt — *Deuxième projet de développement de
l'enseignement universitaire* (avec annexes et Conditions
générales applicables aux contrats d'emprunt et de
garantie en date du 1^{er} janvier 1985). Signé à Washing-
ton le 18 juin 1985**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le
développement le 24 février 1986.*

LOAN AGREEMENT^{1, 2}

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

Dated January 1, 1985

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 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 the extent and subject to any modifications set forth in such Agreements. 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. "Bank" means the International Bank for Reconstruction and Development.
2. "Association" means the International Development Association.
3. "Loan Agreement" means the particular Loan Agreement to which these General Conditions apply, as such agreement may be amended from time to time. Loan Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Loan Agreement.
4. "Loan" means the loan provided for in the Loan Agreement.
5. "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. Guarantee Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Guarantee Agreement.
6. "Borrower" means the party to the Loan Agreement to which the Loan is made.
7. "Guarantor" means the member of the Bank which is a party to the Guarantee Agreement.

¹ Came into force on 18 November 1985, upon notification by the Bank to the Government of Indonesia.

² The Loan Agreement and schedules are not published herein, in accordance with article 12 (2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations as amended in the last instance by General Assembly resolution 33/141 A of 19 December 1978.

8. "Currency" includes the currency of a country, the Special Drawing Right of the International Monetary Fund, and any unit of account which represents a debt service obligation of the Bank to the extent of such obligations. "Currency of a country" means the coin or currency which is legal tender for the payment of public and private debts in that country.

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

10. "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. "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. "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. "Common denominator" means a single currency or other unit of account selected by the Bank for the purpose of determining the aggregate value of the Central Disbursement Account and the Loan's share therein.

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

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

16. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.

17. "Assets" includes property, revenue and claims of any kind.

18. "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.

19. "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.

20. "Closing Date" means the date specified in the Loan Agreement after which the Bank may, by notice to the Borrower, terminate the right of the Borrower to withdraw from the Loan Account.

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 outstanding from time to time of any special commitment entered into by the Bank pursuant to Section 5.02.

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

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 multiplying the principal amount of the maturity specified for that date in said amortization schedule by the ratio of:

- (i) The principal amount of the Loan not yet due, determined for that date in accordance with Section 4.03 (b), to
- (ii) The outstanding aggregate equivalent of the amounts withdrawn from the Loan Account and not yet due, expressed in terms of the common denominator as of the respective dates of withdrawal.

(b) Upon payment of all accrued interest and of the premium specified in said amortization schedule and after giving not less than forty-five days' notice to the Bank, the Borrower shall have the right to repay, as of a date acceptable to the Bank, in advance of maturity: (i) all of the principal amount of the Loan then outstanding, or (ii) all of the principal amount of any one or more maturities, provided that after such prepayment no portion of the Loan maturing after the prepaid portion shall remain outstanding.

(c) It is the policy of the Bank to encourage the repayment prior to maturity of portions of its loans which the Bank has not sold or agreed to sell. Accordingly, the Bank will sympathetically consider 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 such portions of the Loan.

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 Bank and the Borrower 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; LOAN'S SHARE.

(a) The Central Disbursement Account shall record the amounts in various currencies withdrawn under the Loan and under such other loans as the Bank shall determine from time to time. All amounts so withdrawn shall be recorded in the Central Disbursement Account in the currency or currencies withdrawn, except that if the Bank has purchased the currency withdrawn with another currency in order to provide for such withdrawal, then the amount of such other currency paid by the Bank shall be recorded in the Central Disbursement Account instead of the currency withdrawn. Each such amount shall be deleted from the Central Disbursement Account on the date it becomes due or such earlier date as may be accepted by the Bank for prepayment.

(b) The aggregate value of the Central Disbursement Account shall be the sum of the amounts of each currency outstanding in the Central Disbursement Account, valued in terms of the common denominator. The aggregate value of the Central Disbursement Account shall be readjusted before any withdrawals or deletions have been recorded on each date by revaluing, as of that date, such net amounts in terms of the common denominator.

(c) For the purposes of determining the Loan's share in the Central Disbursement Account, a sub-account shall be maintained by the Bank to record in terms of the common denominator amounts withdrawn from the Loan Account. Each such amount shall be deleted from such sub-account on the date it becomes due or such earlier date as may be accepted by the Bank for prepayment. Amounts withdrawn from the Loan Account shall be recorded initially in terms of the common denominator as of the date of withdrawal. Thereafter, the value of the amounts recorded in such sub-account shall be readjusted at the time and by the same proportion that the aggregate value of the Central Disbursement Account is readjusted pursuant to Section 4.02 (b).

(d) The Loan's share in the Central Disbursement Account for any date shall be the ratio of: (i) the aggregate readjusted value of the amounts in such sub-account as of that date, to (ii) the aggregate readjusted value of the Central Disbursement Account as of that date.

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 the principal amount of the Loan not yet due and the principal amount of the Loan remaining due and payable after its scheduled maturity date.

(b) For any date, the principal amount of the Loan not yet due (including any principal amount due on that date and not yet deleted from the Central Disbursement Account pursuant to the provisions of Section 4.05 (a)) shall be the aggregate equivalent in terms of the common denominator 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, determined in accordance with Section 4.02 (d).

(c) For any date, the principal amount of the Loan remaining due and payable after its scheduled maturity date shall be the aggregate equivalent in terms of the common denominator of any currency amounts deleted from the Central

Disbursement Account pursuant to the provisions of Section 4.05 (a) and not yet repaid.

Section 4.04. CURRENCY IN WHICH PRINCIPAL IS PAYABLE; MATURITIES. (a) The principal of the Loan shall be repayable from time to time in such currency or currencies as the Bank shall specify. The aggregate of all loan amounts repayable in each 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 amount of any currency so specified for repayment of any portion of the Loan shall be the equivalent thereof in terms of such currency as of the date on which such portion of the Loan becomes due and payable.

Section 4.05. GENERAL 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 in 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 shall, 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 apply, 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 in such manner as may be required to reflect the debt service obligation of the Bank in respect of such amount. Notwith-

standing the provisions of Sections 4.04 (a) and 4.05, the Bank may specify, for repayment of the principal amount of the Loan, any currency needed by the Bank to discharge such debt service obligation and, in such a case, an equivalent amount of the currency outstanding in the Central Disbursement Account shall be deleted from such Account instead of the currency so specified.

Section 4.10. MANNER OF PAYMENT. (a) Any payment required under the Loan Agreement or the Guarantee Agreement to be made to the Bank to 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 Bank with a depository of the Bank in such country.

(b) The principal (including premium if any) of, and interested 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 the Bank and the Borrower 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 COMMITMENT BY THE BANK. Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or others in respect of expenditures to be financed out of the proceeds of the Loan notwithstanding any subsequent suspension or cancellation by the Bank or the Borrower.

Section 5.03. 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, including the documentation required pursuant to this Article, shall be made promptly in relation to expenditures for the Project.

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

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

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

Section 5.05. EVIDENCE OF AUTHORITY TO SIGN 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.

Section 5.06. 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 5.07. SUFFICIENCY OF APPLICATIONS AND DOCUMENTS. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account is to be used only for the purposes specified in the Loan Agreement.

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

Section 5.09. PAYMENT BY THE BANK. The Bank shall pay the amounts withdrawn by the Borrower from the Loan Account only to or on the order of the Borrower.

Article VI. CANCELLATION AND SUSPENSION

Section 6.01. CANCELLATION BY THE BORROWER. The Borrower may, by notice to the Bank, cancel any amount of the Loan which the Borrower shall not have withdrawn, except that the Borrower may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 5.02.

Section 6.02. SUSPENSION BY THE BANK. If any of the following events 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 amount due to the Bank or the Association: (i) under the Loan Agreement, or (ii) under any other loan or guarantee agreement between the Bank and the Borrower, or (iii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to

any third party with the agreement of the Borrower, or (iv) under any development credit agreement between the Borrower and the Association.

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

Section 6.03. CANCELLATION BY THE BANK. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended

with respect to any amount of the Loan for a continuous period of thirty days, or (b) at any time, the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's costs to be financed out of the proceeds of the Loan, or (c) at any time, the Bank determines that the procurement of any item is inconsistent with the procedures set forth or referred to in the Loan Agreement and establishes the amount of expenditures in respect of such item which would otherwise have been eligible for financing out of the proceeds of the Loan, or (d) after the Closing Date, an amount of the Loan shall remain unwithdrawn from the Loan Account, or (e) 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 the Bank and the Borrower shall otherwise agree, 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 specifically provided in this Article.

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 obligation 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 by the Borrower of principal or interest or any other amount due to the Bank or the Association: (i) under any other loan or guarantee agreement between the Bank and the Borrower, or (ii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Borrower, or (iii) under any development credit agreement between the Borrower and the Association, and such default shall continue for a period of thirty days.
- (d) A default shall occur in the payment by the Guarantor of principal or interest or any other amount due to the Bank or the Association: (i) under any loan or guarantee agreement between the Guarantor and the Bank, or (ii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Guarantor, or (iii) under any development credit agreement between the Guarantor and the Association, under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement; and such default shall continue for a period of thirty days.
- (e) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement 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 apply, shall be free from any taxes levied by, or in the territory of, the member of the Bank which is the Borrower or the Guarantor on or in connection with the execution, delivery or registration thereof.

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

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

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

(b) The Guarantor shall ensure that no action which would prevent or interfere with the execution of the Project or with the performance of the Borrower's obligations under the Loan Agreement is taken or permitted to be taken by the Guarantor or any of its political or administrative subdivisions or any of the entities owned or controlled by, or operating for the account or benefit of, the Guarantor or such subdivisions.

(c) The member of the Bank which is the Borrower or the Guarantor shall afford all reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Loan.

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

Section 9.03. NEGATIVE PLEDGE. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member.

- (i) To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any external debt, which will or might result in a priority for the benefit of the creditor of 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 member of the Bank which is the Borrower or the Guarantor, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, such member shall promptly and at no cost to the Bank secure the principal of, and interest and

other charges on, the Loan by an equivalent lien on other public assets satisfactory to the Bank.

- (ii) As used in this paragraph, the term “public assets” means assets of such member, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, such member of any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for such member.

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

- (i) If such Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and in the creation of any such lien express provision will be made to that effect, at no cost to the Bank; and
- (ii) If any statutory lien shall be created on any assets of such Borrower as security for any debt, such Borrower shall grant at no cost to the Bank, an equivalent lien satisfactory to the Bank to secure the payment of the principal of, and interest and other charges on, the Loan.

(c) The foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 9.04. INSURANCE. The Borrower shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

Section 9.05. USE OF GOODS AND SERVICES. Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the purposes of the Project.

Section 9.06. PLANS AND SCHEDULES. The Borrower shall furnish, or cause to be furnished, to the Bank promptly upon their preparation, any plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

Section 9.07. RECORDS AND REPORTS. (a) The Borrower shall: (i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project; (ii) enable the Bank's representatives to visit any facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Loan and any plants, installations, sites, works,

buildings, property, equipment, records and documents relevant to the performance of the obligations of the Borrower under the Loan Agreement; and (iii) furnish to the Bank at regular intervals all such information as the Bank shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

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

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

Section 9.08. MAINTENANCE. The Borrower shall at all times operate and maintain, or cause to be operated and maintained, any facilities relevant to the Project, and promptly as needed, make or cause to be made all necessary repairs and renewals thereof.

Section 9.09. LAND ACQUISITION. The Borrower shall take, or cause to be taken, all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Bank, promptly upon its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.

Article X. ENFORCEABILITY OF LOAN AGREEMENT AND GUARANTEE AGREEMENT; FAILURE TO EXERCISE RIGHTS; ARBITRATION

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

Section 10.02. OBLIGATIONS OF THE GUARANTOR. Except as provided in Section 6.07, the obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not require any prior notice to, demand upon or action against the Borrower or any prior notice to or demand upon the Guarantor with regard to any default by the Borrower. Such obligations shall not be impaired by any of the following: (a) any extension of time, forbearance or concession given to the Borrower; (b) any assertion of, or failure to assert,

or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; (c) any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; or (d) any failure of the Borrower to comply with any requirement of any law of the Guarantor.

Section 10.03. FAILURE TO EXERCISE RIGHTS. No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under the Loan Agreement or Guarantee Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 10.04. ARBITRATION. (a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement, and any claim by any such party against any other such party arising under the Loan Agreement or the Guarantee Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

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

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

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

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

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

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

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of 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 cost of the Arbitral Tribunal shall be divided between and borne equally by the Bank on the one side and the Borrower and the Guarantor on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Loan Agreement and Guarantee Agreement or of any claim by any such party against any other such party arising thereunder.

(k) If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Loan Agreement or the Guarantee Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against any party that is a member of the Bank except as such procedure may be available otherwise then 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. NOTICE 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 such representative. Any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreement may be agreed to on behalf of the Borrower or the Guarantor by written instrument executed on behalf of the Borrower or the Guarantor by the representative so designated or any person thereunto authorized in writing by such representative; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement or of the Guarantor under the Guarantee Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower or of the Guarantor thereunder.

Section 11.04. EXECUTION IN COUNTERPARTS. The Loan Agreement and the Guarantee Agreement may each be executed in several counterparts, each of which shall be an original.

Article XII. EFFECTIVE DATE; TERMINATION

Section 12.01. CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT AND GUARANTEE AGREEMENT. The Loan Agreement and the Guarantee Agreement shall not become effective until evidence satisfactory to the Bank shall have been furnished to the Bank:

- (a) That the execution and delivery of the Loan Agreement and the Guarantee Agreement on behalf of the Borrower and the Guarantor have been duly authorized or ratified by all necessary governmental and corporate action;
- (b) If the Bank shall so request, that the condition of the Borrower (other than a member of the Bank), as represented or warranted to the Bank at the date of the Loan Agreement, has undergone no material adverse change after such date; and
- (c) That all other events specified in the Loan Agreement as conditions to effectiveness have occurred.

Section 12.02. LEGAL OPINIONS OR CERTIFICATES. As part of the evidence to be furnished pursuant to Section 12.01, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or,

if the Bank shall so request, a certificate satisfactory to the Bank of a competent official of the member of the Bank which is the Borrower or the Guarantor showing:

- (a) On behalf of the Borrower, that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms;
- (b) On behalf of the Guarantor, that the Guarantee Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantor and is legally binding upon the Guarantor in accordance with its terms; and
- (c) Such other matters as shall be specified in the Loan Agreement or as shall be reasonably requested by the Bank in connection therewith.

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

(b) If, before the Effective Date, any event shall have occurred which would have entitled the Bank to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, 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 entered into effect by the date specified in the Loan Agreement for the purposes of this Section, the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, shall establish a later date for the purpose 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.
