

Standard Conditions

for

Advances Made by

the World Bank

under its Project Preparation Facility

Dated January 15, 2008

ARTICLE I

Introductory Provisions

Section 1.01. *Application of Standard Conditions.* These Standard Conditions set forth certain terms and conditions generally applicable to the Advance Agreement and to any other Legal Agreement. They apply to the extent the Legal Agreement so provides. If there is no Implementation Agreement between the World Bank and an Implementing Entity, references in these Standard Conditions to the Implementing Entity and the Implementation Agreement shall be disregarded and references to the Legal Agreement and Legal Agreements shall mean the Advance Agreement.

Section 1.02. *Inconsistency with Legal Agreements.* If any provision of any Legal Agreement is inconsistent with a provision of these Standard Conditions, the provision of the Legal Agreement shall govern.

Section 1.03. *Definitions.* Whenever used in these Standard Conditions or in the Legal Agreements (except as otherwise provided in the Legal Agreements), the terms set forth in the Appendix have the meanings ascribed to them in the Appendix.

Section 1.04. *References; Headings.* References in these Standard Conditions to Articles, Sections and the Appendix are to the Articles and Sections of, and the Appendix to, these Standard Conditions. The headings of the Articles, Sections and the Appendix are inserted in these Standard Conditions and the Legal Agreements for reference only and shall not be taken into consideration in interpreting these Standard Conditions or the Legal Agreements.

ARTICLE II

Execution of the Activities

Section 2.01. *Execution of the Activities Generally.* The Recipient and the Implementing Entity shall carry out their Respective Parts of the Activities: (a) with due diligence and efficiency; (b) in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and (c) in accordance with the provisions of the Legal Agreements, including these Standard Conditions.

Section 2.02. *Performance under the Implementation Agreement.* The Recipient shall: (a) cause the Implementing Entity to perform all of the obligations of the Implementing Entity set forth in the Implementation Agreement in accordance with the provisions of the Implementation Agreement; and (b) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 2.03. *Provision of Funds and other Resources.* The Recipient shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources: (a) required for the Activities; and (b) necessary or appropriate to enable the Implementing Entity to perform its obligations under the Implementation Agreement.

Section 2.04. *Insurance.* The Recipient and the Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Activities and to be financed out of the proceeds of the Advance, against hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable Currency to replace or repair such goods.

Section 2.05. *Land Acquisition.* The Recipient and the Implementing Entity shall take (or cause to be taken) all action to acquire as and when needed all land and rights to that are required to carry out their Respective Parts of the Activities and shall promptly furnish to the World Bank, upon its request, evidence satisfactory to the World Bank that such land and rights are available for the Activities.

Section 2.06. *Use of Goods, Works and Services; Maintenance of Facilities.* The Recipient and the Implementing Entity shall each ensure that:

(a) except as the World Bank shall otherwise agree, all goods, works and services financed out of the proceeds of the Advance are used exclusively for the purposes of the Activities; and

(b) all facilities relevant to its Respective Parts of the Activities are at all times properly operated and maintained and all necessary repairs and renewals of such facilities are made promptly as needed.

Section 2.07. *Documents; Records.* The Recipient and the Implementing Entity shall each ensure that:

(a) all documents related to its Respective Parts of the Activities are promptly furnished to the World Bank upon its request, in such detail as the World Bank shall reasonably request;

(b) records are maintained in a manner adequate to record the progress of its Respective Parts of the Activities (including their cost and the benefits to be derived from them), to identify the goods, works and services financed out of the proceeds of the Advance and to disclose their use in the Activities, and such records are furnished to the World Bank promptly upon its request.

(c) all records evidencing expenditures under its Respective Parts of the Activities are retained until at least the later of: (i) one year after the World Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Advance Account was made; and (ii) two years after the Refinancing Date; and

(d) the World Bank's representatives are able to examine all records referred to above in paragraphs (b) and (c), and are provided all such information concerning such records as they may from time to time reasonably request.

Section 2.08. *Monitoring and Evaluation of the Activities.* The Recipient shall:

(a) The Recipient shall ensure the maintenance of policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the World Bank, the progress of the Activities and the achievement of their objectives; and

(b) if so requested by the World Bank:

(i) ensure the preparation and delivery to the World Bank of one or more reports on the Activities ("Activity Reports"), in form and substance satisfactory to the World Bank, integrating the results of such monitoring

and evaluation activities and setting out measures recommended by the Recipient to ensure the continued efficient and effective execution of the Activities, and to achieve their objectives; each Activity Report to cover the period requested by the World Bank and to be furnished to the World Bank not later than the date specified by the World Bank for that purpose; and

- (ii) afford the World Bank a reasonable opportunity to exchange views with the Recipient on such report, and thereafter implement such recommended measures, taking into account the World Bank's comments on the matter.

Section 2.09. *Financial Management; Financial Statements; Audits.* The Recipient shall ensure that:

- (a) a financial management system is maintained and financial statements ("Financial Statements") are prepared in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Activities; and

- (b) as and when required in accordance with the provisions of the Advance Agreement:

- (i) the Financial Statements are audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank; and

- (ii) the Financial Statements as so audited, are furnished to the World Bank not later than the date specified in the Advance Agreement for that purpose, together with such other information concerning the audited Financial Statements and such auditors, as the World Bank may from time to time reasonably request.

Section 2.10. *Cooperation and Consultation.* The Recipient and the World Bank shall cooperate fully to assure that the purposes of the Advance and the objectives of the Activities will be accomplished, and to this end shall:

- (a) from time to time, at the request of either one of them, exchange views on the Activities, the Advance, and the performance of their respective obligations under the Advance Agreement, and furnish to the other party all such information related to such matters as it shall reasonably request; and

- (b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.

Section 2.11. *Visits*

- (a) The Recipient shall afford all reasonable opportunity for representatives of the World Bank to visit any part of its territory for purposes related to the Advance or the Activities.

- (b) The Recipient and the Implementing Entity shall enable the World Bank's representatives: (i) to visit any facilities and construction sites included in their Respective Parts

of the Activities; and (ii) to examine the goods financed out of the proceeds of the Advance for their Respective Parts of the Activities, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

ARTICLE III Withdrawal of Advance Proceeds

Section 3.01. Advance Account; Withdrawals Generally; Currency of Withdrawals

(a) The World Bank shall credit the amount of the Advance to the Advance Account in Dollars. The Recipient may from time to time request withdrawals of amounts of the Advance from the Advance Account in accordance with the provisions of the Advance Agreement and of these Standard Conditions.

(c) Withdrawals of the proceeds of the Advance from the Advance Account shall be made in Dollars. The World Bank may, at the request and acting as an agent of the Recipient, and on such terms and conditions as the World Bank shall determine, purchase with the Dollars withdrawn from the Advance Account such other Currencies as the Recipient shall reasonably request to meet payments for Eligible Expenditures.

Section 3.02. Special Commitment by the World Bank. At the Recipient's request and on such terms and conditions as the Recipient and the World Bank shall agree, the World Bank may enter into special commitments in writing to pay amounts for Eligible Expenditures notwithstanding any subsequent suspension or cancellation of an amount of the Advance (“Special Commitment”).

Section 3.03. Applications; Supporting Evidence.

(a) When the Recipient wishes to request a withdrawal from the Advance Account or to request the World Bank to enter into a Special Commitment, the Recipient shall deliver to the World Bank a written application for the purpose in such form and substance as the World Bank shall reasonably request (“Application”).

(b) The Recipient shall furnish to the World Bank: (i) evidence satisfactory to the World Bank of the authority of the person or persons authorized to sign each Application and the authenticated specimen signature of each such person; and (ii) such documents and other evidence in support of each Application as the World Bank shall specify, whether before or after the World Bank has permitted any withdrawal requested in the Application (“Supporting Evidence”).

(c) Each Application for an amount of the Advance, and its Supporting Evidence, must be sufficient in form and substance to satisfy the World Bank that the Recipient is entitled to withdraw such amount from the Advance Account, and that such amount will be used only for the purposes specified in the Advance Agreement. Applications shall be made promptly in relation to Eligible Expenditures.

(e) The World Bank shall pay the amounts withdrawn by the Recipient from the Advance Account only to, or on the order of, the Recipient.

Section 3.04. *Designated Accounts.*

(a) The Recipient may open and maintain one or more designated accounts into which the World Bank may, at the request of the Recipient, deposit amounts withdrawn from the Advance Account as advances for purposes of the Activities (“Designated Accounts”). All Designated Accounts shall be opened in a financial institution acceptable to the World Bank, and on terms and conditions acceptable to the World Bank.

(b) Deposits into, and payments out of, any Designated Account shall be made in accordance with the Advance Agreement and these Standard Conditions and such additional instructions as the World Bank may specify from time to time by notice to the Recipient. The World Bank may, in accordance with the Advance Agreement and such instructions, cease making deposits into any such account upon notice to the Recipient. In such case, the World Bank shall notify the Recipient of the procedures to be used for subsequent withdrawals from the Advance Account.

Section 3.05. *Eligible Expenditures.* The Recipient and the Implementing Entity shall use the proceeds of the Advance exclusively to finance expenditures which, except as otherwise provided in the Advance Agreement, satisfy the following requirements (“Eligible Expenditures”):

(a) the payment is for the financing of the reasonable cost of goods, works or services required for the Activities, to be financed out of the proceeds of the Advance and procured, all in accordance with the provisions of the Legal Agreements;

(b) the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(c) the payment; (i) is made on or after the date specified in the Advance Agreement; and (ii) except as the World Bank may otherwise agree, is for expenditures incurred prior to the Refinancing Date.

Section 3.06. *Financing Taxes.*

(a) The Advance Agreement may specify that the proceeds of the Advance may not be withdrawn to pay for Taxes levied by, or in the territory of, the Recipient on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Advance specified in the Advance Agreement, as required to ensure consistency with such limitation on withdrawals.

(b) In the absence of such specification, the use of any proceeds of the Advance to pay for such Taxes, is nevertheless subject to the World Bank’s policy of requiring economy and efficiency in the use of the proceeds of its advances. To that end, if the World Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Advance specified in the Advance Agreement, as required to ensure consistency with such policy of the World Bank.

Section 3.07. *Reallocation.* If, in the World Bank's opinion, an amount of the Advance allocated to a category of Eligible Expenditures under the Advance Agreement will be insufficient to finance the expenditures under such category, the World Bank may, by notice to the Recipient:

(a) reallocate to such category, any other amount of the Advance which in the World Bank's opinion is not needed for other Eligible Expenditures, to the extent required to meet the estimated shortfall; and

(b) if such reallocation will not fully meet the estimated shortfall, reduce the percentage of Eligible Expenditures to be financed under such category, in order that further withdrawals for such expenditures may continue until all such expenditures have been made.

ARTICLE IV Terms of the Advance

Section 4.01. *Service Charge or Interest.* The Advance Agreement may require the Recipient to pay a service charge or interest on the Withdrawn Advance Balance. In such case, the Recipient shall pay such service charge or interest in accordance with the provisions of the Advance Agreement and this Article IV.

Section 4.02. *Refinancing of the Advance.* The Withdrawn Advance Balance shall be refinanced or repaid as provided in the Advance Agreement and in this Article IV.

Section 4.03. *Partial Payment .* If the World Bank at any time receives less than the full amount of any Advance Payment then due, it shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Advance Agreement as it determines in its sole discretion.

Section 4.04. *Place of Payment.* All Advance Payments shall be paid at such places as the World Bank shall reasonably request.

Section 4.05. *Currency of Payment.* The Recipient shall pay all Advance Payments in Dollars. If the Recipient shall so request, the World Bank shall, acting as agent of the Recipient, and on such terms and conditions as the World Bank shall determine, purchase Dollars for the purpose of paying an Advance Payment upon timely payment by the Recipient of sufficient funds for that purpose in a Currency or Currencies acceptable to the World Bank; provided, however, that the Advance Payment shall be deemed to have been paid only when and to the extent that the World Bank has received such payment in Dollars.

Section 4.06. *Valuation of Currencies.* Whenever it becomes necessary for the purposes of any Legal Agreement, to determine the value of one Currency in terms of another, such value shall be as reasonably determined by the World Bank.

Section 4.07. *Manner of Payment*

(a) Any Advance Payment required to be paid to the World Bank the Currency of a country shall be paid 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 World Bank with a depository of the World Bank authorized to accept deposits in such Currency.

(b) All Advance Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Recipient.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Recipient, or in connection with their execution, delivery or registration.

ARTICLE V

Financial and Economic Data; IBRD Negative Pledge

Section 5.01. *Financial and Economic Data.* The Recipient shall furnish to the World Bank all such information as the World 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, the Recipient or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.

Section 5.02. *Negative Pledge*

(a) It is the policy of IBRD, in making loans (including advances) to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other External Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any Lien is created on any Public Assets 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 IBRD shall otherwise agree, *ipso facto* and at no cost to IBRD, equally and ratably secure all Advance Payments, and the member country, 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, the member country shall promptly and at no cost to IBRD secure all Advance Payments by an equivalent Lien on other Public Assets satisfactory to IBRD.

(b) The provisions of paragraph (a) of this Section shall not apply to: (i) any Lien created on property, at the time of purchase of such property, 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.

ARTICLE VI

Cancellation; Suspension; Acceleration; Refund

Section 6.01. *Cancellation by the Recipient.* The Recipient may, by notice to the World Bank, cancel any amount of the Unwithdrawn Advance Balance, except that the Recipient may not cancel any such amount that is subject to a Special Commitment.

Section 6.02. *Suspension by the World Bank.* If any of the events specified in paragraphs (a) through (l) of this Section occurs and is continuing, the World Bank may, by notice to the

Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Advance Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the World Bank has notified the Recipient that such right to make withdrawals has been restored.

(a) *Payment Failure.* The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of any amount due to IBRD or IDA: (i) under any agreement between the Recipient and IBRD or the Recipient and IDA (including the Advance Agreement); or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IBRD or IDA to any third party with the agreement of the Recipient.

(b) *Performance Failure.*

(i) The Recipient has failed to perform any other obligation under the Advance Agreement.

(ii) The Implementing Entity has failed to perform any obligation under the Implementation Agreement.

(c) *Fraud and Corruption.* At any time, the World Bank determines that any representative of the Recipient or the Implementing Entity, or any other recipient of any of the proceeds of the Advance has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Advance, without the Recipient or the Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(d) *Cross Suspension.*

(i) IBRD or IDA has suspended in whole or in part the right of the Recipient to make withdrawals under any agreement with IBRD or IDA because of a failure by the Recipient to perform any of its obligations under such agreement.

(ii) The Bank has suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with IBRD guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement.

(e) *Extraordinary Situation.* As a result of events which have occurred after the date of the Advance Agreement, an extraordinary situation has arisen which makes it improbable that the Activities can be carried out or that the Recipient or the Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.

(f) *Misrepresentation.* A representation made by the Recipient in or pursuant to the Advance Agreement, or any representation or statement furnished by the Recipient and intended to be relied upon by the World Bank in making the Advance, was incorrect in any material respect.

(g) *Assignment of Obligations; Disposition of Assets.* The Recipient or the Implementing Entity (or any other entity responsible for implementing any part of the Activities), has, without the consent of the World Bank: (i) assigned or transferred, in whole or in part, any of

its obligations arising under or entered into pursuant to the Legal Agreements; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Advance; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the World Bank: (A) do not materially and adversely affect the ability of the Recipient or of the Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Activities; and (B) do not materially and adversely affect the financial condition or operation of the Implementing Entity (or such other entity).

(h) *Membership.* The Recipient: (i) has been suspended from membership in or ceased to be a member of IBRD or IDA; or (ii) has ceased to be a member of the International Monetary Fund.

(i) *Condition of Implementing Entity.*

(i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Implementing Entity (or of any other entity responsible for implementing any part of the Activities).

(ii) The Implementing Entity (or any other entity responsible for implementing any part of the Activities) has ceased to exist in the same legal form as that prevailing as of the date of the Advance Agreement.

(iii) In the opinion of the World Bank, the legal character, ownership or control of the Implementing Entity (or of any other entity responsible for implementing any part of the Activities) has changed from that prevailing as of the date of the Legal Agreements so as to materially and adversely affect the ability of the Recipient or of the Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements, or to achieve the objectives of the Activities.

(j) *Ineligibility.* IBRD or IDA has declared the Implementing Entity ineligible to receive proceeds of loans made by IBRD or credits or grants made by IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of a determination by IBRD or IDA that the Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a loan made by IBRD or a credit or grant made by IDA.

(k) *Project or Program Withdrawal.*

(i) The World Bank has decided, at any time after consultation with the Recipient, to withdraw its financial support for the Project or the Program (as the case may be).

(ii) The Recipient has withdrawn its request for financial assistance from the World Bank for the Project or the Program (as the case may be).

(l) *Additional Event.* Any other event specified in the Advance Agreement for the purposes of this Section has occurred (“Additional Event of Suspension”).

Section 6.03. *Cancellation by the World Bank.* If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Advance Balance, the World Bank may, by notice to the Recipient, terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Advance shall be cancelled.

(a) *Suspension.* The right of the Recipient to make withdrawals from the Advance Account has been suspended with respect to any amount of the Advance.

(b) *Amounts not Required.* At any time, the World Bank determines, after consultation with the Recipient, that an amount of the Advance will not be required to finance Eligible Expenditures.

(c) *Fraud and Corruption.* At any time, the World Bank determines, with respect to any amount of the proceeds of the Advance, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Implementing Entity (or other recipient of the proceeds of the Advance) without the Recipient or the Implementing Entity (or other recipient of the proceeds of the Advance) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(d) *Misprocurement.* At any time, the World Bank: (i) determines that the procurement of any contract to be financed out of the proceeds of the Advance is inconsistent with the procedures set forth or referred to in the Legal Agreements; and (ii) establishes the amount of expenditures under such contract which would otherwise have been eligible for financing out of the proceeds of the Advance.

(e) *Refinancing Date.* After the Refinancing Date, there remains an Unwithdrawn Advance Balance.

Section 6.04. *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the World Bank.* No cancellation or suspension by the World Bank shall apply to amounts subject to any Special Commitment except as expressly provided in the Special Commitment.

Section 6.05. *Application of Cancelled Amounts to Maturities of the Advance.* Except as the Recipient and the World Bank shall otherwise agree, any cancelled amount of the Advance which is to be refinanced shall be applied *pro rata* to the installments of the principal amount of the Advance falling due after the date of such cancellation.

Section 6.06. *Events of Acceleration.* If any of the events specified in paragraphs (a) through (e) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the World Bank may, by notice to the Recipient, declare all or part of the Withdrawn Advance Balance that is required to be refinanced, as at the date of such notice to be due and payable immediately together with any other Advance Payments due under the Advance Agreement or these Standard Conditions. Upon any such declaration, such Withdrawn Advance Balance and Advance Payments shall become immediately due and payable.

(a) *Payment Default.* A default has occurred in the payment by the Recipient of any amount due to the IBRD or IDA: (i) under any agreement between the Recipient and IBRD or between the Recipient and IDA (including the Advance Agreement); or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IBRD or IDA to any

third party with the agreement of the Recipient; and such default continues in each case for a period of thirty days.

(b) *Performance Default.*

(i) A default has occurred in the performance by the Recipient of any other obligation under the Advance Agreement, and such default continues for a period of sixty days after notice of such default has been given by the World Bank.

(ii) A default has occurred in the performance by the Implementing Entity of any obligation under the Implementation Agreement, and such default continues for a period of sixty days after notice of such default has been given by the World Bank to the Implementing Entity and the Recipient.

(c) *Assignment of Obligations; Disposition of Assets.* Any event specified in paragraph (g) of Section 6.02 has occurred.

(d) *Condition of Implementing Entity.* Any event specified in paragraph (i) of Section 6.02 has occurred.

(e) *Additional Event.* Any other event specified in the Advance Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Advance Agreement (“Additional Event of Acceleration”).

Section 6.07. *Refund*

(a) If the World Bank determines that an amount of the Withdrawn Advance Balance has been used in a manner inconsistent with the provisions of the Advance Agreement or these Standard Conditions, the Recipient shall, upon notice by the World Bank to the Recipient, promptly refund such amount to the World Bank. Such inconsistent use shall include, without limitation:

(i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or

(ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount, or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient or the Implementing Entity (or other recipient of such amount of the Withdrawn Advance Balance), in either case without the Recipient or the Implementing Entity (or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(b) Except as the World Bank may otherwise determine, the World Bank shall cancel all amounts refunded pursuant to this Section.

Section 6.08. *Effectiveness of Provisions after Cancellation, Suspension, Acceleration or Refund.* Notwithstanding any cancellation, suspension, acceleration or refund under this Article, all the provisions of the Legal Agreements shall continue in full force and effect except as specifically provided in these Standard Conditions.

ARTICLE VII

Enforceability; Arbitration

Section 7.01. *Enforceability.* The rights and obligations of the Recipient and the World Bank under the Legal Agreements 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 Recipient nor the World Bank shall be entitled in any proceeding under this Article to assert any claim that any provision of these Standard Conditions or of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of IBRD or IDA, as the case may be.

Section 7.02. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal 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 7.03. *Arbitration*

(a) Any controversy between the parties to the Advance Agreement and any claim by either such party against the other arising under the Advance Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an arbitral tribunal (“Arbitral Tribunal”) as hereinafter provided.

(b) The parties to such arbitration shall be the World Bank and the Recipient.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the World Bank; (ii) a second arbitrator shall be appointed by the Recipient; and (iii) the third arbitrator (“Umpire”) shall be appointed by agreement of the parties or, if they do 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 party fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

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

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties have not 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 the Arbitral 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 Advance 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 are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, 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 Advance Agreement or of any claim by either party against the other party arising under the Advance Agreement.

(k) If, within thirty days after counterparts of the award have been delivered to the parties, the award has not been complied with, either party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against the 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 Advance Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 9.01. The parties to the Advance Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VIII

Effectiveness; Termination

Section 8.01. *Effectiveness.* Unless otherwise specified in the Legal Agreements, the Legal Agreements shall become effective on the date as of which they have been executed by all parties to the Legal Agreements.

Section 8.02. *Termination of Legal Agreements.* The Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate when all such obligations have been fully performed.

ARTICLE IX Miscellaneous Provisions

Section 9.01. *Notices and Requests.* Any notice (or request) pursuant to any Legal Agreement shall be in writing. Such notice (or request) shall be deemed to have been duly given (or made) when it has been delivered by hand or by mail, telex or facsimile (or, if permitted under the Legal Agreement, by other electronic means) to the party to which such notice (or request) is directed (“Addressee”), at the address specified in the Legal Agreement for the purpose (or at such other address as the Addressee shall have designated by notice to the party giving such notice or making such request) (“Address”). Deliveries made by facsimile transmission shall also be confirmed by mail.

Section 9.02. *Action on Behalf of the Recipient and the Implementing Entity*

(a) The representative designated by the Recipient in the Advance Agreement (and the representative designated by the Implementing Entity in the Implementation Agreement) for the purpose of this Section (or any person authorized in writing by such representative for the purpose), may take any action required or permitted to be taken pursuant to such Legal Agreement, and execute any documents required or permitted to be executed pursuant to such Legal Agreement on behalf of the Recipient (or the Implementing Entity, as the case may be).

(b) The representative so designated by the Recipient or person so authorized by such representative may agree to any modification or amplification of the provisions of the Advance Agreement on behalf of the Recipient by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Advance Agreement. The World Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.

Section 9.03. *Evidence of Authority.* The Recipient and the Implementing Entity shall furnish to the World Bank: (a) sufficient evidence of the authority of the person or persons who will, on behalf of such party, take any action or execute any documents required or permitted to be taken or executed by it under the Legal Agreement to which it is a party; and (b) the authenticated specimen signature of each such person.

Section 9.04. *Execution in Counterparts.* Each Legal Agreement may be executed in several counterparts, each of which shall be an original.

Section 9.05. *Disclosure.* The World Bank may make the Advance Agreement publicly available.

APPENDIX
Definitions

1. “Activities” means the set of activities described in the Advance Agreement, for which the Advance is granted, as the description of such activities may be amended from time to time by agreement between the Recipient and the World Bank.
2. “Activity Report” means each report on the Activities to be prepared and furnished to the World Bank for the purpose of Section 2.08 (b).
3. “Additional Event of Acceleration” means any event of acceleration specified in the Advance Agreement for the purpose of Section 6.06 (e).
4. “Additional Event of Suspension” means any event of suspension specified in the Advance Agreement for the purpose of Section 6.02(1).
5. “Advance” means the advance provided to the Recipient pursuant to the Advance Agreement.
6. “Advance Account” means the account opened by the World Bank in its books in the name of the Recipient to which the amount of the Advance is credited.
7. “Advance Agreement” means the agreement between the Recipient and the World Bank providing for the Advance, as such agreement may be amended from time to time. “Advance Agreement” includes these Standard Conditions as applied to the Advance Agreement, and all appendices, schedules and agreements supplemental to the Advance Agreement.
8. “Advance Payment” means any amount payable by the Recipient to the World Bank pursuant to the Advance Agreement or these Standard Conditions, including (but not limited to) any amount of the Withdrawn Advance Balance, any amount of interest or service charge payable by the Recipient, and any refund of the Withdrawn Advance Amount payable by the Recipient.
9. “Aggregate Balance” means, in the event the Withdrawn Advance Balance is paid in installments, the sum of (a) the Withdrawn Advance Balance as at the Notice Date, plus (b) interest or service charges accrued as at the Notice Date.
10. “Application” means an application made by the Recipient pursuant to Section 3.03 for withdrawal of an amount of the Advance from the Advance Account or to request the World Bank to enter into a Special Commitment with respect to an amount of the Advance.
11. “Arbitral Tribunal” means the arbitral tribunal established pursuant to Section 7.03.
12. “Currency” means the currency of a country. “Currency of a country” means the currency which is legal tender for the payment of public and private debts in that country.
13. “Default Interest Period” means for any overdue amount of the Aggregate Balance, each Interest Period during which such overdue amount remains unpaid; provided, however,

- that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.
14. “Default Interest Rate” means for any Default Interest Period the sum of (a) Default LIBOR for Dollars plus (b) the Fixed Spread plus (c) one half of one percent (0.5%);
 15. “Default LIBOR” means LIBOR for the relevant Interest Period; it being understood that for the initial Default Interest Period, LIBOR shall mean LIBOR for the Interest Period in which the amount of the Aggregate Balance first becomes overdue.
 16. “Designated Account” means each account referred to in Section 3.04 into which the World Bank may deposit amounts withdrawn from the Advance Account as advances for purpose of the Advance.
 17. “Dollar”, “\$” and “USD” each means the lawful Currency of the United States of America.
 18. “Eligible Expenditure” means an expenditure the payment for which meets the requirements of Section 3.05 and which is consequently eligible for financing out of the proceeds of the Advance.
 19. “External Debt” means any debt which is or may become payable in a Currency other than the Currency of the Recipient.
 20. “Financial Statements” means the financial statements to be maintained for the Activities as provided in Section 2.09.
 21. “Fixed Spread” means IBRD’s fixed spread for Dollars in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of signature of the Advance Agreement by the World Bank.
 22. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Recipient for goods, works or services supplied from the territory of any country other than the Recipient.
 23. “IBRD” means the International Bank for Reconstruction and Development.
 24. “IDA” means the International Development Association.
 25. “Implementation Agreement” means the agreement between the World Bank and the Implementing Entity relating to the implementation of all or part of the Activities, as such agreement may be amended from time to time. “Implementation Agreement” includes these Standard Conditions as applied to the Implementation Agreement, and all appendices, schedules and agreements supplemental to the Implementation Agreement.
 26. “Implementing Entity” means a legal entity (other than the Recipient) which is responsible for implementing all or a part of the Activities and which is a party to the Implementation Agreement. If the World Bank enters into an Implementation Agreement with more than one such entity, “Implementing Entity” refers separately to each such entity.

27. “Implementing Entity’s Address” means the Implementing Entity’s address specified in the Implementation Agreement for the purpose of Section 9.01.
28. “Implementing Entity’s Representative” means the Implementing Entity’s representative specified in the Implementation Agreement for the purpose of Section 9.02 (a).
29. “Interest Period” means, for an Advance made by IBRD, the initial period from and including the date of signature of the Advance Agreement by the World Bank to but excluding the first Interest Period Determination Date occurring thereafter, and after the initial period, each period from and including an Interest Period Determination Date to but excluding the next following Interest Period Determination Date; provided, however, that if, pursuant to the Advance Agreement, the Advance is to be repaid in installments, then the last Interest Period commencing prior to the Notice Date shall terminate one day prior to the Notice Date, and from the Notice Date, “Interest Period” shall mean the initial period from and including the Notice Date to but excluding the first Payment Date, and after such initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
30. “Interest Period Determination Date” means each date specified in the Advance Agreement for the purpose of determining Interest Periods prior to the Notice Date, occurring on or after the date of signature by IBRD of the Advance Agreement.
31. “Legal Agreement” means the Advance Agreement or the Implementation Agreement. “Legal Agreements” means collectively, all of such agreements.
32. “LIBOR” means, for any Interest Period, the London interbank offered rate for six-month deposits in Dollars, expressed as a percentage per annum, that appears on the Relevant Telerate Page as of 11:00 a.m., London time, on the LIBOR Reset Date for the Interest Period. If such rate does not appear on the Relevant Telerate Page, IBRD shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in Dollars to leading banks in the London interbank market at approximately 11:00 a.m. London time on the LIBOR Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by IBRD) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by IBRD) of the rates quoted by four major banks selected by IBRD in [New York City], at approximately 11:00 a.m. in New York City, on the LIBOR Reset Date for the Interest Period for loans in Dollars to leading banks for a period of six months. If less than two of the banks so selected are quoting such rates, LIBOR for the Interest Period shall be equal to LIBOR in effect for the Interest Period immediately preceding it.
33. “LIBOR Reset Date” means the day two London Banking Days prior to the first day of the relevant Interest Period (or, in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which the Advance Agreement is signed by IBRD, whichever day immediately precedes the date of such signature; provided, that if the date of such signature falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two London Banking Days prior to the date of such signature).

34. "Lien" includes mortgages, pledges, charges, privileges and priorities of any kind.
35. "Local Expenditure" means an expenditure: (a) in the Currency of the Recipient; or (b) for goods, works or services supplied from the territory of the Recipient; provided, however, that if the Currency of the Recipient is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure.
36. "London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign Currency deposits) in London.
37. "Notice Date" means, in the event the Aggregate Balance is to be paid in several installments, the date on which the World Bank dispatches the notice to the Recipient of the Aggregate Balance and the Payment Dates.
38. "Payment Currency" means the Currency specified in the Advance Agreement in which Advance Payments are to be paid pursuant to Section 3.04 (a).
39. "Payment Date" means, in the event the Aggregate Balance is to be paid in several installments, each date specified by IBRD in the notice it sends to the Recipient on the Notice Date as a date on which amounts of principal of and interest on the Aggregate Balance are payable.
40. "Program" means the proposed program for the preparation of which the World Bank has made the Advance and in support of which the Recipient has requested or intends to request the World Bank's financial assistance.
41. "Project" means the proposed project for the preparation of which the World Bank has made the Advance and for the carrying out of which the Recipient has requested or intends to request the World Bank's financial assistance.
42. "Public Asset" means assets of the Recipient, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.
43. "Recipient" means the member of the World Bank which is a party to the Advance Agreement and to which the Advance is extended.
44. "Recipient's Address" means the Recipient's address specified in the Advance Agreement for the purpose of Section 9.01.
45. "Recipient's Representative" means the representative of the Recipient specified in the Advance Agreement for the purpose of Section 9.02.
46. "Refinancing Agreement" means the loan or financing agreement to be entered into by the World Bank, the terms of which provide for the refinancing of the Withdrawn Advance Balance out of the proceeds of the loan or financing provided under such agreement.

47. “Refinancing Date” means the date specified in the Advance Agreement (or such later date as the World Bank shall establish by notice to the Recipient) after which the World Bank shall determine, in accordance with the provisions of the Advance Agreement, whether the Aggregate Advance Balance shall be refinanced out of the proceeds of the Refinancing Agreement or whether the Recipient shall be required to repay the Aggregate Advance Balance. The Refinancing Date is also the date after which the World Bank may terminate the right of the Recipient to withdraw from the Advance Account.
48. “Refinancing Proceeds” means the proceeds of the loan or financing made under the Refinancing Agreement to be used to repay the Advance.
49. “Relevant Telerate Page” means the display page designated on the Dow Jones Telerate Service as the page for the purpose of displaying LIBOR for deposits in Dollars (or such other page as may replace such page on such service, or such other service as may be selected by IBRD as the information vendor, for the purpose of displaying rates or prices comparable to LIBOR).
50. “Respective Part of the Activities” means, for the Recipient and for any Implementing Entity, the part of the Activities specified in the Legal Agreements to be carried out by it.
51. “Special Commitment” means any special commitment entered into or to be entered into by the World Bank pursuant to Section 3.02.
52. “Supporting Evidence” means the evidence and documents to be furnished to the World Bank in accordance with Section 3.03 in connection with an Application.
53. “Taxes” includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Advance Agreement or imposed after that date.
54. “Umpire” means the third arbitrator appointed pursuant to Section 7.03 (c).
55. “Unwithdrawn Advance Balance” means the amount of the Advance remaining unwithdrawn from the Advance Account from time to time.
56. “Withdrawn Advance Balance” means the amounts of the Advance withdrawn from the Advance Account and outstanding from time to time.
57. “World Bank” means: (a) IBRD if the Advance is made by IBRD; or (b) IDA if the Advance is made by IDA.
58. “World Bank’s Address” means the World Bank’s address specified in the Legal Agreements for the purpose of Section 9.01.