

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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NUMBER G-2370

## Indemnity Agreement

*(Ghana, Sankofa Gas Project)*

between

REPUBLIC OF GHANA

as Member Country

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Association

Dated 27 SEPTEMBER 2016

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## INDEMNITY AGREEMENT

THIS AGREEMENT (the "*Agreement*" or the "*Indemnity Agreement*") is dated ~~29 September~~ 2016 between:

(1) **THE REPUBLIC OF GHANA**, represented by the Minister of Finance, Ministry of Finance, P.O. Box MB40, Accra, Republic of Ghana ; and

(2) **INTERNATIONAL DEVELOPMENT ASSOCIATION** of 1818 H Street, N.W., Washington, D.C. 20433 (the "*Association*"),

each a "*Party*", and together the "*Parties*."

WHEREAS, an unincorporated joint venture comprised of ENI Ghana Exploration and Production Ltd, a company organised and existing under the laws of Ghana, having its registered office at UNA Home, 1st Floor 12 Airport By-pass Road, Airport City Area, PMB KA 185, Accra, Ghana (the "**Operator**", such term including all successors and assigns), Vitol Upstream Ghana Ltd, a company organised and existing under the laws of Ghana, having its registered office at No. 5<sup>th</sup> Floor – Grand Oyeeman, South Libration Link, Airport Commercial Area, Accra Metropolitan – Greater Accra, P.O. Box KIA 9448, Accra, Ghana (the "**Non-Operator**", such term including all successors and assigns, and, together with the Operator, the "**Private Gas Suppliers**" and each a "**Private Gas Supplier**"), and Ghana National Petroleum Corporation, a statutory corporation existing under the laws of the Republic of Ghana and established by the Ghana National Petroleum Corporation Law, 1983 (P.N.D.C.L. 64) ("**GNPC**") intends to develop non-associated gas fields (the Sankofa Main, Gye Nyame and Sankofa East fields) in the Offshore Cape Three Points (OCTP) block (the "**Project**"), pursuant to the Petroleum Agreement (as such term is defined in Section I (*Definitions*) of the Appendix to this Agreement);

WHEREAS, the Private Gas Suppliers and GNPC, acting as sellers (the "**Sellers**") entered into a gas sales agreement with GNPC acting as buyer (the "**Obligor**") dated 17 June 2015 as may be amended, supplemented or otherwise modified from time to time (the "**GSA**"), pursuant to which the Sellers agreed to sell to the Obligor and the Obligor agreed to purchase from the Sellers natural gas extracted and produced from the Project;

WHEREAS, the Private Gas Suppliers and the Obligor entered into a Guarantee Support Agreement on or about the date hereof, as may be amended, supplemented or otherwise modified from time to time (the "**Guarantee Support Agreement**") pursuant to which the Obligor has agreed to provide certain undertakings to the Private Gas Suppliers in connection with certain payment obligations of the Obligor under the GSA;

WHEREAS, HSBC France and Standard Chartered Bank, London (the “**LC Banks**”), at the request of the Obligor, will issue a letter of credit, as may be amended, supplemented or otherwise modified from time to time (the “**LC**”) for the purpose of covering certain payment failures by the Obligor to the Private Gas Suppliers under the GSA (the “**Guaranteed Obligations**”);

WHEREAS, the Obligor, the LC Banks and HSBC France acting as LC agent Bank (the “**LC Agent Bank**”) have entered into, on or about the date hereof, a reimbursement and credit agreement, as may be amended, supplemented or otherwise modified from time to time (the “**Reimbursement and Credit Agreement**”) pursuant to which the Obligor has agreed to repay each payment made by the LC Banks to the Private Gas Suppliers pursuant to a drawing made under the LC;

WHEREAS, the Association has agreed to guarantee to the LC Banks the repayment by the Obligor of up to US\$500,000,000 (five hundred million Dollars) in reimbursement or repayment obligations in respect of drawings under the LC plus certain accrued interest, upon the terms and subject to the conditions of the Guarantee Agreement dated on or about the date hereof as may be amended, supplemented or otherwise modified from time to time (the “**Guarantee Agreement**”) between the Association, the LC Agent Bank and the LC Banks; and

WHEREAS, the Parties hereby agree as follows:

## **ARTICLE I**

### **General Conditions; Definitions**

**Section 1.01.** The provisions of the General Conditions, as set out and, as the case may be, amended in Section II (*General Conditions*) of Appendix 1 to this Agreement are incorporated into, and constitute an integral part of, this Agreement.

**Section 1.02.** Unless the context otherwise requires, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in Section I (*Definitions*) of Appendix 1 to this Agreement.

## **ARTICLE II**

### **Indemnity by Member Country to the Association; Opinions**

**Section 2.01.** In consideration of the Association providing the Guarantee on the terms and conditions set out in the Guarantee Agreement, the Member Country hereby irrevocably and unconditionally agrees:

(a) to reimburse the Association immediately on demand or as the Association may otherwise direct in writing for any amount paid by the Association under the Guarantee Agreement together with interest thereon at the rate per annum determined by the Association and notified to the Member Country (which rate shall not exceed the Association’s highest prevailing lending rate for loans with a fixed spread denominated in the Payment Currency, as may be shown from time to time on the

Association's external website) from the date such payment is made by the Association until such amount is reimbursed in full;

(b) to indemnify the Association on demand and hold the Association harmless against all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by the Association directly or indirectly in relation to or arising out of or in connection with the Guarantee Agreement (except as otherwise provided in Section 7.03(i) (*Arbitration*) of the General Conditions);

(c) that the Association may at any time, without thereby discharging, impairing or otherwise affecting any rights, powers and remedies hereby created or conferred upon it by this Agreement, any other Transaction Document or any other related agreement or by law: (i) offer or agree to or enter into any agreement for the variation of the Guarantee Agreement (other than an extension or one which would or could increase the obligations of the Member Country under this Agreement, the Deed of Sovereign Guarantee, the Multi-Party Deed or any other Transaction Document; and (ii) offer or give or agree to give any time or other indulgence to any person or entity other than the Member Country from whom it may seek reimbursement (at law or otherwise) in respect of sums paid out or liabilities incurred by the Association under the Guarantee Agreement provided that the Association shall notify the Member Country prior to agreeing to any variation to or waiver of the Guarantee Agreement;

(d) that the obligations of the Member Country under this Agreement will not be affected by any act, omission, matter or thing (other than failure by the Association to comply with its obligations under the Guarantee Agreement) which, but for this Section 2.01(d), would reduce, release or prejudice any of its obligations under this Agreement and that the obligations of the Member Country under this Agreement are irrevocable, absolute and unconditional, irrespective of the value, validity, regularity or enforceability of the Member Country or GNPC's obligations under the Transaction Documents to which they are a party; and

(e) in the event that the Association receives funds from the Member Country pursuant to Section 2.01(a) and, in respect of the same amounts, the Association receives a refund of funds from the LC Banks pursuant to the Guarantee Agreement or receives funds as a result of the exercise of the Association's subrogation rights under the Guarantee Agreement (the "***Double Payment***"), then the Association shall promptly refund to the Member Country the amount of the Double Payment together with any interest payments received pursuant to the Guarantee Agreement by the Association in respect of such Double Payment.

**Section 2.02.** Any payment required to be made by the Member Country pursuant to the terms of this Agreement shall be applied first, to pay all interest and other charges due to the Association and second, after such interest and other charges are paid, to pay all other amounts then due to the Association under this Agreement.

**Section 2.03.** The Member Country shall furnish to the Association an opinion satisfactory to the Association of the Attorney General of the Member Country, showing the following matters: (a) that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Member Country and is legally binding upon the

Member Country in accordance with its terms; and (b) any other matter reasonably requested by the Association in connection with this Agreement or the Project. The Member Country acknowledges that the receipt by the Association of such opinion will be a condition to the effectiveness of the Guarantee Agreement.

### **ARTICLE III**

#### **Project**

#### **Section 3.01.** The Member Country:

- (a) declares its commitment to the objectives of the Project; and
- (b) acknowledges and agrees to the terms of the Schedule to this Agreement (*Project Description; Project Covenants*).

### **ARTICLE IV**

#### **Remedies**

**Section 4.01.** In addition to the other remedies available to the Association under development credit and financing agreements between the Association and the Member Country or otherwise, in the event that:

- (a) the Member Country has failed to perform any of its obligations under Article II (*Indemnity by Member Country to the Association; Opinions*) and/or Article III (*Project*) of this Agreement and such failure has continued and remained uncured in the opinion of the Association for sixty (60) days or more after notice thereof shall have been given to the Member Country by the Association; or
- (b) any representation made by the Member Country in or pursuant to this Agreement, or any representation or statement furnished by the Member Country and intended to be relied on by the Association in providing the Guarantee, shall in the opinion of the Association have been incorrect in any material respect,

then the Association shall be entitled to suspend or cancel in whole or in part the Member Country's right to make withdrawals under any credit or grant under any development credit agreement or financing (including any loan, grant or guarantee) between the Association and the Member Country or any financing (including any loan, grant or guarantee) between IBRD and the Member Country, and/or declare the outstanding principal and interest of any such credit due and payable immediately.

**ARTICLE V**  
**Effective Date**

**Section 5.01.** This Agreement shall come into force and effect upon signature by the Parties.

**ARTICLE VI**  
**Representative; Addresses**

**Section 6.01.** The Member Country's Representative is the Minister of Finance of the Republic of Ghana or any replacement minister responsible for finance in the Member Country.

**Section 6.02.** The Member Country's Address is:

Address: Ministry of Finance  
P.O. Box MB40  
Accra  
Republic of Ghana

Attention: Chief Director

Facsimile: +233 30 2667069

**Section 6.03.** The Association's Address is:

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

Attention: Vice President, Africa Region

Facsimile: +1 202 477 0380

With a copy to: Manager, Financial Solutions  
Project Finance and Guarantees  
Energy & Extractives

Facsimile: +1-202-522-0761

IN WITNESS whereof the parties have caused this Agreement to be duly entered into as of the day and year first above written.

**REPUBLIC OF GHANA**

By: Seth Terkper  
Authorised Representative

Name: Seth Terkper

Title: Minister of Finance

**INTERNATIONAL DEVELOPMENT  
ASSOCIATION**

By: \_\_\_\_\_  
Authorised Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**REPUBLIC OF GHANA**

By: \_\_\_\_\_  
Authorised Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**INTERNATIONAL DEVELOPMENT  
ASSOCIATION**

By: Henry Kerai  
Authorised Representative

Name: Henry Kerai

Title: Country Director for Ghana



## **SCHEDULE**

### **Project Description; Project Covenants**

The objective of the Project is to support the development of the non-associated natural gas reserves in the Sankofa gas field within the Offshore Cape Three Points (OCTP) block in Western Offshore Ghana through a package of IDA Guarantee(s) and IBRD Enclave Guarantees. The OCTP block will be developed by the Private Gas Suppliers together with GNPC. The Sankofa gas field could supply gas for close to 1,000MW of power generation plants.

1. The Member Country hereby undertakes to the Association to punctually perform all of its obligations under the Transaction Documents to which it is a party and to take all lawful action within its power to cause each relevant Public Sector Entity to punctually perform all of its obligations under the Cooperation Agreement and the Transaction Documents to which it is a party.

2. The Member Country shall notify the Association prior to agreeing to any material amendment, waiver, termination or other change to the Transaction Documents to which the Member Country is a party, and shall obtain the written consent of the Association (such consent not to be unreasonably withheld or delayed) prior to agreeing to any amendment, waiver, termination or other change to such agreement or undertaking which would or could materially affect the rights or obligations of the Association under the Guarantee Agreement or any Transaction Documents (including any assignment, transfer, novation, abrogation, granting of security over or other disposition of any rights or obligations under such agreements).

3. The Member Country shall promptly: (a) notify and provide to the Association copies of any notices, claims, demands, reimbursements or recoveries under the Transaction Documents that could result in or relate to actions to enforce the payment of the Guaranteed Amount, or any other notices issued or received by the Member Country under the Petroleum Agreement, the Deed of Sovereign Guarantee and/or the Multi-Party Deed in connection with matters that could materially and adversely affect the rights or interests of the Association in relation to the Project; and (b) notify the Association of any event or circumstance which would or could materially and adversely affect the Member Country's ability to perform its obligations or exercise its rights under the Transaction Documents to which it is a party, provided that to the extent that any information to be provided under this clause is subject to a confidentiality restriction imposed by a third party, the Member Country shall take all actions within its power and authority to procure that such third party permits disclosure of such information to the Association.

4. The Member Country shall take all lawful actions within its power to remedy and cure any event within the Member Country's control or responsibility that would or could result in the breach or termination of any of the Transaction Documents.

5. The Member Country shall:

(a) take all reasonable actions that shall be necessary on its part and take all reasonable and lawful actions within its power to procure that any other Public Sector Entity takes all reasonable actions necessary on its part to support the Private Gas

Suppliers in obtaining any authorization for the Project required under the Transaction Documents, the Environmental and Social Instruments, the Applicable Environmental and Social Laws and the Performance Standards;

(b) carry out promptly, and take all reasonable lawful actions within its power to cause any other Public Sector Entity to carry out promptly, or as may otherwise be agreed between the Member Country and the Association, any reasonable action required to be performed by it or such Public Sector Entity to enable it to comply with the requirements of the Environmental and Social Instruments and the Performance Standards and co-operate and ensure that each other Public Sector Entity co-operates with the Private Gas Suppliers in complying with the requirements of the Environmental and Social Instruments and the Performance Standards;

(c) co-operate and ensure that each other Public Sector Entity co-operates with the Private Gas Suppliers in the performance of their obligations in connection with the Project or under the Transaction Documents or any other agreement related to the Project;

(d) consult with the Association prior to:

- (i) dissolving, disestablishing, or suspending the operations of GNPC; or
- (ii) changing its ownership or control of GNPC from that existing at the date of this Agreement (except, for the avoidance of doubt, any sale, transfer or assignment by the Member Country of any of GNPC's share capital that would not result, directly or indirectly, in the Member Country's loss of its ability to elect or appoint a majority of GNPC's board of directors (or equivalent body), or its ability to direct the management or policies of GNPC); and

(e) unless it assumes or causes another Public Sector Entity to assume the obligations of GNPC under the Transaction Documents to which it is a party, not to:

- (i) dissolve, disestablish, or suspend the operations of GNPC; or
- (ii) change its ownership or control of GNPC from that existing at the date of this Agreement (except, for the avoidance of doubt, any sale, transfer or assignment by the Member Country of any of GNPC's share capital that would not result, directly or indirectly, in the Member Country's loss of its ability to elect or appoint a majority of GNPC's board of directors (or equivalent body), or its ability to direct the management or policies of GNPC); and

(f) to the extent that it has a right of consent in relation therewith, not permit or agree to, or permit any Public Sector Entity to permit or agree to, any assignment of the rights and/or obligations of the Private Gas Suppliers under the Petroleum Agreement or change of the operator under the Joint Operating Agreement without the prior written consent of the Association, acting reasonably, having regard only to whether the

proposed assignee, transferee or new operator does not pose a reputational risk to the Bank and (a) in the case of a proposed change of operator, whether it has the technical skills and financial standing that would reasonably and ordinarily be: (i) expected of a person engaged as the operator in the same type of undertaking as the Project, and (ii) required to perform the operator's obligations under the Transaction Documents and the Environmental and Social Instruments, or (b) in the case of a proposed assignee or transferee, whether it has the technical skills and financial standing that would reasonably and ordinarily be: (i) expected of a person holding a participating interest of a similar size in the same type of undertaking as the Project, and (ii) required to perform its obligations in respect of its proposed participating interest under the Transaction Documents and the Environmental and Social Instruments.

(g) if requested by a Private Gas Supplier, authorize the Association to notify such Private Gas Supplier of the existence of any breach of the Condition of Equal Treatment (as defined in the Multi Party Deed).

6. The Member Country shall:

(a) affirm to the Association that no Sanctionable Practices have been engaged in by any official or representative of the Member Country or any Public Sector Entity in relation to the Project;

(b) covenant that neither it nor any Public Sector Entity shall engage in Sanctionable Practices during and with respect to the performance of any contract or activity related to the Project;

(c) create a committee between the Ministry of Finance and the Ministry of Petroleum, headed by the Ministry of Petroleum, to monitor progress of the contractual milestones agreed between the Member Country, GNPC and the Private Gas Suppliers under the OCTP Heads of Agreement and GSA (the "**Milestones**") by the milestone completion dates provided under such agreements. The committee shall meet and report to the Private Gas Suppliers, GNPC and the Association on a quarterly basis;

(d) procure that the relevant responsible Public Sector Entity provides to the Association for discussion a plan of action to conclude a tie-in agreement and a transportation agreement between GNPC and West African Gas Pipeline Company ("**WAPCo**") to ensure that the West African Gas Pipeline ("**WAGP**") will be operational, ready and available to receive and transport gas from Aboadze to Tema (the "**WAGP Plan**"). The Member Country will keep the Association informed on the progress of any actions provided under the WAGP Plan and discuss and agree with the Association any remedial measures to be taken in the event of delay or failure to implement the WAGP Plan; and

(e) without prejudice to Sections 4.10 (*Cooperation and Consultation*) and 5.01 (*Financial and Economic Data*) of the General Conditions, the Member Country shall, upon request, promptly provide the Association with all information necessary, in the reasonable opinion of the Association, for the Association's review of the Member Country's performance of its covenants pursuant to this Schedule.

## APPENDIX 1

### Section I. Definitions

***“Anti-Corruption Guidelines”*** means the “Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions” set forth in Section III (*Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions*) of Appendix 1 to this Agreement.

***“Accrued Interest”*** has the meaning set forth in the Guarantee Agreement.

***“Applicable Environmental and Social Laws”*** means, collectively, any Applicable Law in the Member Country relating to the environment, human health or safety, or laws and regulations relating to social issues, including those relating to land occupancy rights and land acquisition.

***“Applicable Laws”*** means, collectively, any statutes, laws, ordinances, rules, regulations, or judicial, arbitral or official decisions, orders, or directives, or licenses, permits, or other Authorisations, which is binding upon or otherwise applicable to GNPC or the Project.

***“Association”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Association Agreements”*** means, collectively, this Agreement, the Guarantee Agreement, the Cooperation Agreement and the Project Agreement.

***“Authorisation”*** means any approvals, authorisations, permits, consents, filings, agreements, notarisations, certificates, licenses, exemptions, orders or permissions from, by or with, any Governmental Authority which is or was necessary in connection with the Project.

***“Bank of Ghana”*** means the central bank of the Republic of Ghana, located at One Thorpe Road, P. O. Box GP 2674, Accra, Ghana and established under the Bank of Ghana Ordinance (No. 34) of 1957.

***“Calculation Deed”*** means the deed entitled “Calculation Deed”, relating to certain calculations and computations to be performed in relation to various matters referred to in the Trust and Escrow Deed, to be entered into by the Buyer, Operator and Non-Operator, as may be amended, supplemented or otherwise modified from time to time.

***“Cooperation Agreement”*** means the agreement entitled “Cooperation Agreement” entered into between the Association and GNPC on or about the date hereof in relation to Project.

***“Demand Notice”*** means a demand presented to the Association by the LC Banks in accordance with the Guarantee Agreement.

***“Deed of Sovereign Guarantee”*** means the sovereign guarantee issued, or to be issued, by the Member Country in accordance with the Multi-Party Deed, as may be amended, supplemented or otherwise modified from time to time.

***“Dollars”*** means, at any time, the lawful currency of the United States of America.

***“E&S Management Plans”*** means the following specific environmental, social and health management plans prepared or to be prepared by the Private Gas Suppliers pursuant to the Framework ESHMP and in accordance with the ESAP: (i) an integrated environmental, social and health management plan for the construction phase of the Project; (ii) an integrated environmental, social and health management plan for the operations phase of the Project; (iii) a decommissioning plan, (iv) a health, safety and environment plan; (v) an emergency response plan; (vi) a waste management plan; (vii) an oil spill contingency plan; (viii) a medical emergency response plan; (ix) stakeholder engagement plan; (x) a livelihood restoration plan; (xi) a well control plan for all the wells drilled or to be drilled; (xii) a workers management plan; (xiii) an influx management plan; (xiv) a community health management plan; (xv) a security management plan; (xvi) a project procurement plan; (xvii) a cultural heritage management plan; (xviii) a fisheries management plan; (xix) a pollution prevention control plan; (xx) a biodiversity management plan; (xxi) a local content development plan; (xxii) a community investment plan; (xxiii) a traffic management plan; (xxiv) a marine traffic management plan; (xxv) a project recruitment, employment and training plan; and (xxvi) a water management plan, as the said plans may be amended or supplemented from time to time with the prior written consent of the Guarantor (not to be unreasonably withheld or delayed).

***“Environmental and Social Instruments”*** means the ESAP, the ESHIA, the Framework ESHMP, and the E&S Management Plans.

***“ESAP”*** means the environmental and social action plan dated 21 May 2015, as amended on 23 October 2015 developed by the Private Gas Suppliers to supplement the Framework ESHMP and to enable the Project to be constructed, equipped and operated in compliance with the Performance Standards, as such action plan may be amended and supplemented from time to time with the prior written consent of the Association (not to be unreasonably withheld or delayed).

***“ESHIA”*** means the environmental, social and health impact assessment, and including the Framework ESHMP, dated July 2015, prepared by the Private Gas Suppliers for the Project, in accordance with

the Performance Standards and as approved by relevant Governmental Authorities.

**“Escrow Accounts”** means those accounts established in accordance with the Trust and Escrow Deed in relation to the Project and identified as an "Escrow Account" pursuant to the Trust and Escrow Deed.

**“Fiscal Support Agreement”** means the agreement entitled "Fiscal Support Agreement for OCTP Development Phase-1 Oil" dated December 14, 2014 and entered into between the Member Country and the Private Gas Suppliers in relation to the Project.

**“FX Agent”** means Standard Chartered Bank Ghana Limited.

**“Framework ESHMP”** means the framework environmental, social and health management plan, dated July 2015, developed by the Private Gas Suppliers and included in the ESHIA, setting out the specific social and environmental measures to be undertaken by the Private Gas Suppliers to enable the Project to be constructed, equipped and operated in compliance with all Applicable Environmental and Social Laws and the Performance Standards, as such environmental, social and health management plan may be amended or supplemented from time to time with the prior written consent of the Association (not to be unreasonably withheld or delayed).

**“GNPC”** has the meaning assigned thereto in the recitals to this Agreement.

**“GSA”** has the meaning assigned thereto in the recitals to this Agreement.

**“General Conditions”** means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, as appended to this Agreement as Appendix 2 (*International Development Association General Conditions for Credits and Grants*).

**“Governmental Authority”** means any government or governmental, administrative, fiscal, judicial, or government-owned, body, department, commission, authority, tribunal, agency or entity having jurisdiction over the matter.

**“Guarantee”** means the guarantee provided by the Association pursuant to the Guarantee Agreement.

**“Guarantee Agreement”** has the meaning assigned thereto in the recitals to this Agreement.

**“Guarantee Support Agreement”** has the meaning assigned thereto in the recitals to this Agreement.

***“Guaranteed Amount”*** means the Guaranteed Loan Principal Amount plus Accrued Interest.

***“Guaranteed Obligations”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Guaranteed Loan Principal Amount”*** has the meaning set forth in the Guarantee Agreement.

***“IBRD”*** means the International Bank for Reconstruction and Development.

***“Indemnity Agreement”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Joint Operating Agreement”*** means the agreement named “Joint Operating Agreement for the Offshore Cape Three Points Block, Offshore Ghana” entered into between the Operator and the Non-Operator and dated 30 September 2009 as amended on 4 April 2014.

***“LC”*** has the meaning assigned thereto in the recitals to this Agreement.

***“LC Agent Bank”*** has the meaning assigned thereto in the recitals to this Agreement.

***“LC Banks”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Member Country”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Milestones”*** has the meaning assigned thereto in paragraph 7 of the Schedule to this Agreement.

***“Multi-Party Deed”*** means the deed entitled “Multi-Party Deed” to be entered into by the Member Country, the Buyer, the Bank of Ghana, Operator and Non-Operator.

***“Non-Operator”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Obligor”*** has the meaning assigned thereto in the recitals to this Agreement.

***“OCTP Heads of Agreement”*** means the Heads of Agreement between each of the Private Gas Suppliers, GNPC and the Member Country dated December 12, 2014, in relation to the Project, as may be amended, supplemented, or otherwise modified from time to time.

***“Offshore Escrow Account Bank”*** means Standard Chartered Bank.

***“Offshore Escrow Trustee”*** means TMF Trustee Limited.

***“Onshore Escrow Account Bank”*** means Standard Chartered Bank Ghana Limited.

***“Onshore Escrow Trustee”*** means TMF Corporate Services (South Africa) (Pty) Ltd.

***“Operator”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Party”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Payment Currency”*** means Dollars.

***“Performance Standards”*** means the World Bank Performance Standards for Private Sector Activities, as approved by the Association’s Board of Executive Directors on June 26, 2012 and the World Bank Group’s Environmental, Health and Safety guidelines set forth in Appendix 3 (*World Bank Performance Standards and Environmental Guidelines*) hereto.

***“Petroleum Agreement”*** means the agreement entitled “Petroleum Agreement in Respect of Blocks Offshore Cape Three Points Basin, Ghana” dated March 2, 2006 and entered into originally between the Member Country, GNPC and Heliconia Energy Ghana Limited, as may be amended, supplemented, or otherwise modified from time to time.

***“Project”*** has the meaning assigned thereto in the recitals to this Agreement.

***“Project Agreement”*** means the agreement entitled "Project Agreement", dated on or about the date hereof entered into between the Association, the Operator and the Non-Operator in relation to the Project, as may be amended, supplemented, or otherwise modified from time to time.

***“Project Documents”*** means, collectively, the GSA, the Petroleum Agreement, the Multi-Party Deed, the Trust and Escrow Deed, the Calculation Deed, the OCTP Heads of Agreement, the Deed of Sovereign Guarantee, the Supplementary Agreement and the Fiscal Support Agreement.

***“Private Gas Suppliers”*** has the meaning assigned thereto in the recitals to this Agreement.



**“Public Sector Entity”** means:

- (a) GNPC;
- (b) the Government of the Member Country, the Parliament of the Member Country, any governmental department or ministry, agency, body, (including any state-owned company or other state-owned entity) instrumentality or public authority, whether national, state, regional or local (or any subdivision thereof), or any other entity subject to the overall control or direction as to matters of policy of the Government of the Member Country or which is otherwise controlled by the Government of the Member Country;
- (c) any court in the Member Country with jurisdiction over the Private Gas Suppliers or the Project or any part thereof; or
- (d) any person having or asserting authority to issue a license, approval or consent required or necessary in the Member Country for the Project, or otherwise having jurisdiction over any aspect of the Project.

**“Reimbursement and Credit Agreement”** has the meaning assigned thereto in the recitals to this Agreement.

**“Sanctionable Practices”** means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice, as those terms are defined and interpreted in accordance with the Anti-Corruption Guidelines.

**“Sellers”** has the meaning assigned thereto in the recitals to this Agreement.

**“Supplementary Agreement”** means the agreement entitled “Supplementary Agreement for Submission of OCTP Plan of Development Phase-1 Oil” dated December 12, 2014 and entered into between GNPC and the Private Gas Suppliers, as may be amended, supplemented, or otherwise modified from time to time.

**“Transaction Documents”** means, collectively, the Project Documents, the Association Agreements, the LC and the Guarantee Support Agreement.

**“Trust and Escrow Deed”** means the Trust and Escrow Deed in respect of the operation of the Escrow Accounts, to be entered into between GNPC, the Offshore Escrow Account Bank, the Onshore Escrow Account Bank, the FX Agent, the Offshore Escrow Trustee, the Onshore Escrow Trustee, the Operator and the Non-Operator, as may be amended, supplemented, or otherwise modified from time to time.

**“WAGP”** has the meaning assigned thereto in paragraph 7 of the Schedule to this Agreement.

**“WAGP Plan”** has the meaning assigned thereto in paragraph 7 of the Schedule to this Agreement.

**“WAPCo”** has the meaning assigned thereto in paragraph 7 of the Schedule to this Agreement.

## **Section II. General Conditions**

The following provisions of the General Conditions, with the modifications set forth below, are incorporated into, and constitute an integral part of, this Agreement:

1. Article I (*Introductory Provisions*).
2. Sections 3.06 (*Place of Payment*), 3.07 (*Currency of Payment*), 3.09 (*Valuation of Currencies*) and 3.10 (*Manner of Payment*).
3. Sections 4.10 (*Cooperation and Consultation*), 4.11 (*Visits*) and 4.12 (*Disputed Area*).
4. Article V (*Financial and Economic Data*).
5. Article VII (*Enforceability; Arbitration*).
6. Section 9.01 (*Notices and Requests*), modified by deleting at the beginning of the second sentence the words “Except as otherwise provided in Section 8.03(a).”
7. Section 9.02 (*Action on Behalf of the Recipient and the Project Implementing Entity*), modified by deleting the words “(and the representative designated by the Project Implementing Entity in the Project Agreement)” and “(or the Project Implementing Entity, as the case may be)” in Section 9.02(a).
8. Section 9.03 (*Evidence of Authority*), modified by deleting the words “and the Project Implementing Entity.”
9. Sections 9.04 (*Execution in Counterparts*) and 9.05 (*Disclosure*).
10. Paragraphs 5, 6, 7, 8, 17 and 18 of the Appendix.
11. Paragraphs 22 and 23 of the Appendix.
12. Paragraph 25 of the Appendix, modified to read as follows:

“Financing” means the amounts payable by the Member Country under this Agreement.

13. Paragraph 27 of the Appendix, modified to read as follows:

“Financing Agreement” means this Indemnity Agreement, as may be amended from time to time, including the General Conditions as applied to this Agreement, and all appendices, schedules and agreements supplemental to this Agreement.

14. Paragraph 28 of the Appendix, modified by deleting the words “including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Commitment Charge, and any refund of the Withdrawn Grant Amount payable by the Recipient.”

15. Paragraph 32 of the Appendix, modified to read as follows:

“Legal Agreement” means this Agreement.

16. Paragraph 35 of the Appendix.

17. Paragraph 39 of the Appendix, modified to read as follows:

“Project” has, for the purposes of the General Conditions, the meaning assigned thereto in the recitals to the Financing Agreement.

18. Paragraph 45 of the Appendix, modified by deleting the words “and to which the Financing is extended.”

19. Paragraphs 46, 47, 51, 52, 53 and 54 of the Appendix.

### **Section III. Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions**

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices”, “Fraudulent Practices”, “Coercive Practices”, “Collusive Practices”, and “Obstructive Practices” in the context of World Bank project-based guarantee operations and carbon finance transactions, where the World Bank, as trustee of a carbon fund, purchases emission reductions under an emission reductions purchase agreement.

#### **1. CORRUPT PRACTICES**

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

#### **INTERPRETATION**

- A. Corrupt Practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities

and other violations of law that are not of this nature are excluded from the definition of Corrupt Practices.

- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute Corrupt Practices unless the action violates applicable law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of "Corrupt Practices" relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

## **2. FRAUDULENT PRACTICES**

A "Fraudulent Practice" is any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

### **INTERPRETATION**

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of World Bank Group sanctions.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group.

Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee or carbon finance operations. Similarly, other illegal behaviour is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee or carbon finance operations.

### **3. COERCIVE PRACTICES**

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

#### **INTERPRETATION**

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

### **4. COLLUSIVE PRACTICES**

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

#### **INTERPRETATION**

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

### **5. OBSTRUCTIVE PRACTICES**

An “Obstructive Practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the World Bank’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

## **INTERPRETATION**

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

## **GENERAL INTERPRETATION**

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

**APPENDIX 2**  
**International Development Association General Conditions for Credits and Grants**

**International Development Association**

**General Conditions  
for  
Credits and Grants**

**Dated July 31, 2010**



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## **ARTICLE I**

### **Introductory Provisions**

#### *Section 1.01. Application of General Conditions*

These General Conditions set forth certain terms and conditions generally applicable to the Financing Agreement and to any other Legal Agreement. They apply to the extent the Legal Agreement so provides. If there is no Project Agreement between the Association and a Project Implementing Entity, references in these General Conditions to the Project Implementing Entity and the Project Agreement shall be disregarded.

#### *Section 1.02. Inconsistency with Legal Agreements*

If any provision of any Legal Agreement is inconsistent with a provision of these General Conditions, the provision of the Legal Agreement shall govern.

#### *Section 1.03. Definitions*

Whenever used in these General 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 General Conditions to Articles, Sections and Appendix are to the Articles and Sections of, and the Appendix to, these General Conditions. The headings of the Articles, Sections and Appendix, and the Table of Contents are inserted in these General Conditions for reference only and shall not be taken into consideration in interpreting these General Conditions.

## **ARTICLE II**

### **Withdrawals**

#### *Section 2.01. Financing Account, Withdrawals Generally, Currency of Withdrawals*

(a) The Association shall credit the amount of the Financing to the Financing Account in Special Drawing Rights.

(b) The Recipient may from time to time request withdrawals of amounts of the Financing from the Financing Account in accordance with the provisions of the Financing Agreement and of these General Conditions.

(c) Each withdrawal of an amount of the Financing from the Financing Account shall be made in such Currency or Currencies as the Recipient shall reasonably request to meet payments for Eligible Expenditures. The amount of each withdrawal from the Financing Account shall be calculated as the equivalent in terms of Special Drawing Rights (determined as of the date of withdrawal) of the Currency or Currencies so

requested.

Section 2.02. *Special Commitment by the Association*

At the Recipient's request and on such terms and conditions as the Recipient and the Association shall agree, the Association may enter into special commitments in writing to pay amounts for Eligible Expenditures notwithstanding any subsequent suspension or cancellation by the Association or the Recipient ("Special Commitment").

Section 2.03. *Applications for Withdrawal or for Special Commitment*

(a) When the Recipient wishes to request a withdrawal from the Financing Account or to request the Association to enter into a Special Commitment, the Recipient shall deliver to the Association a written application in such form and substance as the Association shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to Eligible Expenditures.

(b) The Recipient shall furnish to the Association evidence satisfactory to the Association of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of each such person.

(c) The Recipient shall furnish to the Association such documents and other evidence in support of each such application as the Association shall reasonably request, whether before or after the Association has permitted any withdrawal requested in the application.

(d) Each such application and accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw from the Financing Account the amount applied for and that the amount to be withdrawn from the Financing Account will be used only for the purposes specified in the Financing Agreement.

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

Section 2.04. *Designated Accounts*

(a) The Recipient may open and maintain one or more designated accounts into which the Association may, at the request of the Recipient, deposit amounts withdrawn from the Financing Account as advances for purposes of the Project. All designated accounts shall be opened in a financial institution acceptable to the Association, and on terms and conditions acceptable to the Association.

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

#### Section 2.05. *Eligible Expenditures*

The Recipient and the Project Implementing Entity shall use the proceeds of the Financing exclusively to finance expenditures which, except as otherwise provided in the Financing 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 Project, to be financed out of the proceeds of the Financing 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 is made on or after the date specified in the Financing Agreement, and except as the Association may otherwise agree, is for expenditures incurred prior to the Closing Date.

#### Section 2.06. *Financing Taxes*

The use of any proceeds of the Financing 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, if permitted by the Financing Agreement, is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Financing specified in the Financing Agreement, as required to ensure consistency with such policy of the Association.

#### Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

#### Section 2.08. *Reallocation*

Notwithstanding any allocation of an amount of the Financing to a category of expenditures under the Financing Agreement, if the Association reasonably determines at any time that such amount will be insufficient to finance such expenditures, it may, by notice to the Recipient:

(a) reallocate any other amount of the Financing which in the opinion of the Association is not needed for the purpose for which it has been allocated under the Financing Agreement, 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 such expenditures to be financed out of the proceeds of the Financing, in order that further withdrawals for such expenditures may continue until all such expenditures have been made.

### **ARTICLE III**

#### **Financing Terms**

##### Section 3.01. *Commitment Charge*

(a) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Financing Balance at the rate set by the Association as of June 30 of each year ("Commitment Charge"), which shall not exceed the rate specified in the Financing Agreement ("Maximum Commitment Charge Rate").

(b) The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30- day months.

(c) The Association shall notify the Recipient of the applicable Commitment Charge promptly upon its determination.

### Section 3.02. *Service Charge*

The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The service charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

### Section 3.03. *Repayment of the Credit*

(a) *Repayment Generally.* Subject to the provisions of paragraph (b) of this Section, the Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement.

(b) *Accelerated Repayment.*

- (i) The Association may modify the repayment of installments of the Withdrawn Credit Balance as provided in the Financing Agreement in accordance with sub-paragraph (ii) or (iii) of this paragraph whenever all of the following events have occurred: (A) the Recipient's per capita gross national income, as determined by the Association, has exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; (B) the Bank considers the Recipient creditworthy for Bank lending; and (C) after due consideration of the development of the Recipient's economy, the Executive Directors of the Association have reviewed and approved such modification.
- (ii) The Association shall, upon the occurrence of the events referred to in paragraph (b) (i) of this Section: (A) require the Recipient to repay twice the amount of each installment of the Withdrawn Credit Balance not yet due until the Credit has been fully repaid; and (B) require the Recipient to commence such repayment as of the first semiannual Principal Payment Date falling six months or more after the date on which the Association notifies the Recipient that such events have occurred; provided, however, that there shall be a grace period of a minimum of five years on such repayment.
- (iii) Alternatively, if so requested by the Recipient, the Association may revise the terms specified in sub-paragraph (ii) of this paragraph to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the Withdrawn Credit Balance; provided that, in the judgment of the Association, such revision shall not change the grant element provided under such terms.

- (iv) If, at any time after the repayment terms have been modified pursuant to sub-paragraph (i) of this Section, the Association determines that the Recipient's economic condition has deteriorated significantly, the Association may, if so requested by the Recipient, further revise the terms of repayment of the Withdrawn Credit Balance to conform to the schedule of installments originally provided in the Financing Agreement, taking into account any repayments already made by the Recipient.

#### Section 3.04. *Prepayment*

The Recipient may repay the Association in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient.

#### Section 3.05. *Partial Payment*

If the Association at any time receives less than the full amount of any Financing 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 Financing Agreement as it determines in its sole discretion.

#### Section 3.06. *Place of Payment*

All Financing Payments shall be paid at such places as the Association shall reasonably request.

#### Section 3.07. *Currency of Payment*

(a) The Recipient shall pay all Financing Payments in the Currency specified in the Financing Agreement ("Payment Currency").

(b) If the Recipient shall so request, the Association shall, acting as agent of the Recipient, and on such terms and conditions as the Association shall determine, purchase the Payment Currency for the purpose of paying a Financing Payment upon timely payment by the Recipient of sufficient funds for that purpose in a Currency or Currencies acceptable to the Association; provided, however, that the Financing Payment shall be deemed to have been paid only when and to the extent that the Association has received such payment in the Payment Currency.

#### Section 3.08. *Amount of Repayment*

The Withdrawn Credit Balance repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the Currency or Currencies withdrawn from the Credit Account expressed in terms of Special Drawing Rights as of the respective dates of withdrawal.



### Section 3.09. *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 Association.

### Section 3.10. *Manner of Payment*

(a) Any Financing Payment required to be paid to the Association in the Currency of any 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 Association with a depository of the Association authorized to accept deposits in such Currency.

(b) All Financing 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 IV**

### **Project Execution**

#### Section 4.01. *Project Execution Generally*

The Recipient and the Project Implementing Entity shall carry out their Respective Parts of the Project:

(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 and these General Conditions.

#### Section 4.02. *Performance under the Project Agreement*

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

#### Section 4.03. *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 Project; and (b) necessary or appropriate to enable the Project Implementing Entity to perform its obligations under the Project Agreement.

#### Section 4.04. *Insurance*

The Recipient and the Project Implementing Entity shall make adequate provision for the insurance of any goods required for their Respective Parts of the Project and to be financed out of the proceeds of the Financing, 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 4.05. *Land Acquisition*

The Recipient and the Project Implementing Entity shall take (or cause to be taken) all action to acquire as and when needed all land and rights in respect of land as shall be required for carrying out their Respective Parts of the Project and shall promptly furnish to the Association, upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

#### Section 4.06. *Use of Goods, Works and Services; Maintenance of Facilities*

(a) Except as the Association shall otherwise agree, the Recipient and the Project Implementing Entity shall ensure that all goods, works and services financed out of the proceeds of the Financing are used exclusively for the purposes of the Project.

(b) The Recipient and the Project Implementing Entity shall ensure that all facilities relevant to their Respective Parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed.

#### Section 4.07. *Plans; Documents; Records*

(a) The Recipient and the Project Implementing Entity shall furnish to the Association all plans, schedules, specifications, reports and contract documents for their Respective Parts of the Project, and any material modifications of or additions to these documents, promptly upon their preparation and in such detail as the Association shall reasonably request.

(b) The Recipient and the Project Implementing Entity shall maintain records adequate to record the progress of their Respective Parts of the Project (including its cost and the benefits to be derived from it), to identify the goods, works and services financed out of the proceeds of the Financing and to disclose their use in the Project, and shall furnish such records to the Association upon its request.

(c) The Recipient and the Project Implementing Entity shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Project until at least the later of: (i) one year after the Association has received the audited Financial Statements covering the period during which the last withdrawal from the Financing Account was made; and (ii) two years after the Closing Date. The Recipient and the Project Implementing Entity shall enable the Association's representatives to examine such records.

#### Section 4.08. *Project Monitoring and Evaluation*

(a) The Recipient shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of its objectives.

(b) The Recipient shall prepare or cause to be prepared periodic reports ("Project Report"), in form and substance satisfactory to the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project, and to achieve the Project's objectives. The Recipient shall furnish or cause to be furnished each Project Report to the Association promptly upon its preparation, afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Association's views on the matter.

(c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, or such earlier date as may be specified for that purpose in the Financing Agreement: (i) a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, the performance by the Recipient, the Project Implementing Entity and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing; and (ii) a plan designed to ensure the sustainability of the Project's achievements.

#### Section 4.09. *Financial Management, Financial Statements, Audits*

(a) The Recipient shall maintain or cause to be maintained a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the Financial Statements periodically audited in accordance with the Legal Agreements by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- (ii) not later than the date specified in the Legal Agreements, furnish or cause to be furnished to the Association the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors, as the Association may from time to time reasonably request; and
- (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Association.

#### Section 4.10. *Cooperation and Consultation*

The Recipient and the Association shall cooperate fully to assure that the purposes of the Financing and the objectives of the Project will be accomplished. To that end, the Recipient and the Association shall:

- (a) from time to time, at the request of either one of them, exchange views on the Project, the Financing, and the performance of their respective obligations under the Legal Agreements, 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 4.11. *Visits*

(a) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Financing or the Project.

(b) The Recipient and the Project Implementing Entity shall enable the Association's representatives: (i) to visit any facilities and construction sites included in their Respective Parts of the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for their Respective Parts of the Project, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under the Legal Agreements.

#### Section 4.12. *Disputed Area*

In the event that the Project is in an area which is or becomes disputed, neither the Association's financing of the Project, nor any designation of or reference to such area in

the Legal Agreements, is intended to constitute a judgment on the part of the Association as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

## **ARTICLE V**

### **Financial and Economic Data**

#### *Section 5.01. Financial and Economic Data*

The Recipient shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its External Debt as well as that of its political or administrative subdivisions and 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.

## **ARTICLE VI**

### **Cancellation; Suspension; Acceleration; Grant Refund**

#### *Section 6.01. Cancellation by the Recipient*

The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance, except that the Recipient may not cancel any such amount that is subject to a Special Commitment.

#### *Section 6.02. Suspension by the Association*

If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association 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 principal, interest, service charges or any other amount due to the Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank 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 Financing Agreement.
- (ii) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.

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

(d) *Cross Suspension.*

- (i) The Association or the Bank has suspended in whole or in part the right of the Recipient to make withdrawals under any agreement with the Association or with the Bank 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 the Bank 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 Financing Agreement, an extraordinary situation has arisen which makes it improbable that the Project can be carried out or that the Recipient or the Project Implementing Entity will be able to perform its obligations under the Legal Agreement to which it is a party.

(f) *Event prior to Effectiveness.* The Association has determined after the Effective Date that prior to such date but after the date of the Financing Agreement, an event has occurred which would have entitled the Association to suspend the Recipient's right to make withdrawals from the Financing Account if the Financing Agreement had been effective on the date such event occurred.

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

(h) *Co-financing.* Any of the following events occurs with respect to any financing specified in the Financing Agreement to be provided for the Project ("Co-financing") by a financier (other than the Association or the Bank) ("Co-financier").

- (i) If the Financing Agreement specifies a date by which the agreement with the Co-financier providing for the Co-financing ("Co-financing Agreement") is to become effective, the Co-financing Agreement has failed to become effective by that date, or such later date as the Association has established by notice to the Recipient ("Co-financing Deadline"); provided, however, that the provisions of this sub-paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that adequate funds for the Project are available from other sources on terms and conditions consistent with its obligations under the Financing Agreement.
- (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
- (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under the Financing Agreement.

(i) *Assignment of Obligations; Disposition of Assets.* The Recipient or the Project Implementing Entity (or any other entity responsible for implementing any part of the Project), has, without the consent of the Association: (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 Financing; 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 Association: (A) do not materially and adversely affect the ability of the Recipient or of the Project 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 Project; and (B) do not materially and adversely affect the financial condition or operation of the Project Implementing Entity (or such other entity).

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

(k) *Condition of Project Implementing Entity.*

- (i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project).
- (ii) The Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Financing Agreement.
- (iii) In the opinion of the Association, the legal character, ownership or control of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project) 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 Project 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 Project.

(l) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.

(m) *Additional Event.* Any other event specified in the Financing Agreement for the purposes of this Section has occurred ("Additional Event of Suspension").

#### Section 6.03. *Cancellation by the Association*

If any of the events specified in paragraphs (a) through (e) of this Section occurs with respect to an amount of the Unwithdrawn Financing Balance, the Association 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 Financing shall be cancelled.



(a) *Suspension.* The right of the Recipient to make withdrawals from the Financing Account has been suspended with respect to any amount of the Financing for a continuous period of thirty days.

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

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

(d) *Misprocurement.* At any time, the Association: (i) determines that the procurement of any contract to be financed out of the proceeds of the Financing 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 Financing.

(e) *Closing Date.* After the Closing Date, there remains an Unwithdrawn Financing Balance.

#### Section 6.04. *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*

No cancellation or suspension by the Association shall apply to amounts subject to any Special Commitment except as expressly provided in the Special Commitment.

#### Section 6.05. *Application of Cancelled Amounts to Maturities of the Credit*

Except as the Recipient and the Association shall otherwise agree, any cancelled amount of the Credit shall be applied *pro rata* to the installments of the principal amount of the Credit falling due after the date of such cancellation.

#### Section 6.06. *Events of Acceleration*

If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Credit Balance as at the date of such notice to be due and payable immediately together with any other Financing Payments due under the Financing Agreement or these General Conditions. Upon any such declaration, such Withdrawn Credit Balance and Financing 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 Association or the Bank: (i) under the Financing Agreement; or (ii) under any other agreement between the Recipient and the Association; or (iii) under any agreement between the Recipient and the Bank; or (iv) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank 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 Financing Agreement, and such default continues for a period of sixty days after notice of such default has been given by the Association to the Recipient.
- (ii) A default has occurred in the performance by the Project Implementing Entity of any obligation under the Project Agreement, and such default continues for a period of sixty days after notice of such default has been given by the Association to the Project Implementing Entity and the Recipient.

(c) *Co-financing.* The event specified in sub-paragraph (h) (ii) (B) of Section 6.02 has occurred, subject to the proviso of sub-paragraph (h) (iii) of that Section.

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

(e) *Condition of Project Implementing Entity.* Any event specified in sub-paragraph (k) (i), (k) (ii), or (k) (iii) of Section 6.02 has occurred.

(f) *Additional Event.* Any other event specified in the Financing Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Financing Agreement ("Additional Event of Acceleration").

Section 6.07. *Grant Refund*

(a) If the Association determines that an amount of the Withdrawn Grant Balance has been used in a manner inconsistent with the provisions of the Financing Agreement or these General Conditions, the Recipient shall, upon notice by the Association to the Recipient, promptly refund such amount to the Association. 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 Project Implementing Entity (or other recipient of such amount of the Withdrawn Grant Balance), in either case without the Recipient or the Project Implementing Entity (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

(b) Except as the Association may otherwise determine, the Association 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 General Conditions.

## **ARTICLE VII**

### **Enforceability; Arbitration**

*Section 7.01. Enforceability*

The rights and obligations of the Recipient and the Association 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 Association shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

*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 Financing Agreement and any claim by either such party against the other arising under the Financing 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 Association and the Recipient.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Association; (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 Financing 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 Financing Agreement or of any claim by either party against the other party arising under the Financing 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 Financing 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 Financing Agreement waive any and all other requirements for the service of any such notice or process.

## **ARTICLE VIII**

### **Effectiveness; Termination**

#### *Section 8.01. Conditions Precedent to Effectiveness of Legal Agreements*

The Legal Agreements shall not become effective until evidence satisfactory to the Association has been furnished to the Association that the conditions specified in paragraphs (a) through (c) of this Section have been satisfied.

(a) The execution and delivery of each Legal Agreement on behalf of the Recipient or the Project Implementing Entity which is a party to such Legal Agreement have been duly authorized or ratified by all necessary governmental and corporate action.

(b) If the Association so requests, the condition of the Project Implementing Entity, as represented or warranted to the Association at the date of the Legal Agreements, has undergone no material adverse change after such date.

(c) Each other condition specified in the Financing Agreement as a condition of its effectiveness has occurred ("Additional Condition of Effectiveness").

#### Section 8.02. *Legal Opinions or Certificates*

As part of the evidence to be furnished pursuant to Section 8.01, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Recipient, showing the following matters:

(a) on behalf of the Recipient and the Project Implementing Entity, that the Legal Agreement to which it is a party has been duly authorized or ratified by, and executed and delivered on behalf of, such party and is legally binding upon such party in accordance with its terms; and

(b) each other matter specified in the Financing Agreement or reasonably requested by the Association in connection the Legal Agreements for the purpose of this Section ("Additional Legal Matter").

#### Section 8.03. *Effective Date*

(a) Except as the Recipient and the Association shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the Association dispatches to the Recipient and the Project Implementing Entity notice of its acceptance of the evidence required pursuant to Section 8.01 ("Effective Date").

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

#### Section 8.04. *Termination of Legal Agreements for Failure to Become Effective*

The Legal Agreements and all obligations of the parties under the Legal Agreements shall terminate if the Legal Agreements have not entered into effect by the date ("Effectiveness Deadline") specified in the Financing Agreement for the purpose of this Section, unless the Association, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Association shall promptly

notify the Recipient and the Project Implementing Entity of such later Effectiveness Deadline.

Section 8.05. *Termination of Legal Agreements on Performance of all Obligations*

(a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Credit Balance and all other Financing Payments due.

(b) If the Financing Agreement specifies a date by which certain provisions of the Financing Agreement (other than those providing for payment obligations) shall terminate, such provisions and all obligations of the parties under them shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms.

(c) If the Project Agreement specifies a date on which the Project Agreement shall terminate, the Project Agreement and all obligations of the parties under the Project Agreement shall terminate on the earlier of: (i) such date; and (ii) the date on which the Financing Agreement terminates in accordance with its terms. The Association shall promptly notify the Project Implementing Entity if the Financing Agreement terminates in accordance with its terms prior to the date so specified in the Project Agreement.

## **ARTICLE IX**

### **Miscellaneous Provisions**

Section 9.01. *Notices and Requests*

Any notice or request required or permitted to be given or made under any Legal Agreement or any other agreement between the parties contemplated by the Legal Agreement shall be in writing. Except as otherwise provided in Section 8.03 (a), 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 it is required or permitted to be given or made at such party's address specified in the Legal Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail.

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

(a) The representative designated by the Recipient in the Financing Agreement (and the representative designated by the Project Implementing Entity in the

Project Agreement) for the purpose of this Section, or any person authorized in writing by such representative for that 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 Project 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 Financing 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 Financing Agreement. The Association 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 Project Implementing Entity shall furnish to the Association: (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 Association may disclose the Legal Agreements and any information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.



## **APPENDIX**

### **Definitions**

1. "Additional Condition of Effectiveness" means any condition of effectiveness specified in the Financing Agreement for the purpose of Section 8.01 (c).
2. "Additional Event of Acceleration" means any event of acceleration specified in the Financing Agreement for the purpose of Section 6.06 (f).
3. "Additional Event of Suspension" means any event of suspension specified in the Financing Agreement for the purpose of Section 6.02(m).
4. "Additional Legal Matter" means each matter specified in the Financing Agreement or requested by the Association in connection with the Legal Agreements for the purpose of Section 8.02 (b).
5. "Arbitral Tribunal" means the arbitral tribunal established pursuant to Section 7.03.
6. "Association" means the International Development Association.
7. "Association's Address" means the Association's address specified in the Legal Agreements for the purpose of Section 9.01.
8. "Bank" means the International Bank for Reconstruction and Development.
9. "Closing Date" means the date specified in the Financing Agreement (or such later date as the Association shall establish by notice to the Recipient) after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Financing Account.
10. "Co-financier" means the financier (other than the Association or the Bank) referred to in Section 6.02 (h) providing the Co-financing. If the Financing Agreement specifies more than one such financier, "Co-financier" refers separately to each of such financiers.
11. "Co-financing" means the financing referred to in Section 6.02 (h) and specified in the Financing Agreement provided or to be provided for the Project by the Co-financier. If the Financing Agreement specifies more than one such financing, "Co-financing" refers separately to each of such financings.
12. "Co-financing Agreement" means the agreement referred to in Section 6.02 (h) providing for the Co-financing.

13. "Co-financing Deadline" means the date referred to in Section 6.02 (h) (i) and specified in the Financing Agreement by which the Co-financing Agreement is to become effective. If the Financing Agreement specifies more than one such date, "Co-financing Deadline" refers separately to each of such dates.
14. "Commitment Charge" means the commitment charge payable by the Recipient on the Unwithdrawn Financing Balance pursuant to Section 3.01. If the Financing includes a Credit and a Grant, "Commitment Charge" refers separately to the commitment charge on the Unwithdrawn Credit Balance and the commitment charge on the Unwithdrawn Grant Balance.
15. "Credit" means the portion of the Financing specified in the Financing Agreement as a credit, and which is repayable pursuant to the provisions of the Financing Agreement.
16. "Credit Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Credit is credited.
17. "Currency" means the currency of a country and the Special Drawing Right. "Currency of a country" means the currency which is legal tender for the payment of public and private debts in that country.
18. "Dollar", "\$" and "USD" each means the lawful currency of the United States of America.
19. "Effective Date" means the date on which the Legal Agreements enter into effect pursuant to Section 8.03 (a).
20. "Effectiveness Deadline" means the date referred to in Section 8.04 after which the Legal Agreements shall terminate if they have not entered into effect as provided in that Section.
21. "Eligible Expenditure" means an expenditure the payment for which meets the requirements of Section 2.05 and which is consequently eligible for financing out of the proceeds of the Financing.
22. "'Euro', '€' and 'EUR'" each means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
23. "External Debt" means any debt which is or may become payable in a Currency other than the Currency of the Recipient.
24. "Financial Statements" means the financial statements to be maintained for the Project as provided in Section 4.09.

25. "Financing" means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or (c) both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant.
26. "Financing Account" means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.
27. "Financing Agreement" means the financing agreement between the Recipient and the Association providing for the Financing, as such agreement may be amended from time to time. "Financing Agreement" includes these General Conditions as applied to the Financing Agreement, and all appendices, schedules and agreements supplemental to the Financing Agreement.
28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Commitment Charge, and any refund of the Withdrawn Grant Amount payable by the Recipient.
29. "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.
30. "Grant" means the portion of the Financing specified in the Financing Agreement as a grant.
31. "Grant Account" means the account opened by the Association in its books in the name of the Recipient to which the amount of the Grant is credited.
32. "Legal Agreement" means the Financing Agreement or the Project Agreement. "Legal Agreements" means collectively, all of such agreements.
33. "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.

34. "Maximum Commitment Charge Rate" means the maximum rate specified in the Financing Agreement at which the Association may set the Commitment Charge pursuant to Section 3.01.
35. "Payment Currency" means the Currency specified in the Financing Agreement in which Financing Payments are to be paid pursuant to Section 3.07 (a).
36. "Payment Date" means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges and Commitment Charges are payable.
37. "Preparation Advance" means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.
38. "Principal Payment Date" means each date specified in the Financing Agreement on which an installment of the principal amount of the Credit is payable.
39. "Project" means the project described in the Financing Agreement, for which the Financing is granted, as the description of such project may be amended from time to time by agreement between the Recipient and the Association.
40. "Project Agreement" means the agreement between the Association and the Project Implementation Entity relating to the implementation of all or part of the Project, as such agreement may be amended from time to time. "Project Agreement" includes these General Conditions as applied to the Project Agreement, and all appendices, schedules and agreements supplemental to the Project Agreement.
41. "Project Implementing Entity" means a legal entity (other than the Recipient) which is responsible for implementing all or a part of the Project and which is a party to the Project Agreement. If the Association enters into a Project Agreement with more than one such entity, "Project Implementing Entity" refers separately to each such entity.
42. "Project Implementing Entity's Address" means the Project Implementing Entity's address specified in the Project Agreement for the purpose of Section 9.01.
43. "Project Implementing Entity's Representative" means the Project Implementing Entity's representative specified in the Project Agreement for the purpose of Section 9.02 (a).
44. "Project Report" means each report on the Project to be prepared and furnished to the Association for the purpose of Section 4.08 (b).

45. "Recipient" means the member of the Association which is a party to the Financing Agreement and to which the Financing is extended.
46. "Recipient's Address" means the Recipient's address specified in the Financing Agreement for the purpose of Section 9.01.
47. "Recipient's Representative" means the representative of the Recipient specified in the Financing Agreement for the purpose of Section 9.02.
48. "Respective Part of the Project" means, for the Recipient and for any Project Implementing Entity, the part of the Project specified in the Legal Agreements to be carried out by it.
49. "Service Charge" means the charge specified in the Financing Agreement for the purpose of Section 3.02.
50. "Special Commitment" means any special commitment entered into or to be entered into by the Association pursuant to Section 2.02.
51. "Special Drawing Right" and "SDR" each means the special drawing right of the International Monetary Fund as valued by it in accordance with its Articles of Agreement.
52. "Sterling", "£" and "GBP" each means the lawful currency of the United Kingdom.
53. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Financing Agreement or imposed after that date.
54. "Umpire" means the third arbitrator appointed pursuant to Section 7.03 (c).
55. "Unwithdrawn Credit Balance" means the amount of the Credit remaining unwithdrawn from the Credit Account from time to time.
56. "Unwithdrawn Financing Balance" means the amount of the Financing remaining unwithdrawn from the Financing Account from time to time.
57. "Unwithdrawn Grant Balance" means the amount of the Grant remaining unwithdrawn from the Grant Account from time to time.
58. "Withdrawn Credit Balance" means the amounts of the Credit withdrawn from the Credit Account and outstanding from time to time.
59. "Withdrawn Grant Balance" means the amounts of the Grant withdrawn from the Grant Account and outstanding from time to time.

60. “Yen”, “¥” and “JPY” each means the lawful currency of Japan.

**APPENDIX 3**  
**World Bank Performance Standards and Environmental Guidelines**

<b>Performance Standard 1:</b>	<b>Assessment and Management of Environmental and Social Risks and Impacts</b>
<b>Performance Standard 2:</b>	<b>Labour and Working Conditions</b>
<b>Performance Standard 3:</b>	<b>Resource Efficiency and Pollution Prevention</b>
<b>Performance Standard 4:</b>	<b>Community Health, Safety and Security</b>
<b>Performance Standard 5:</b>	<b>Land Acquisition and Involuntary Resettlement</b>
<b>Performance Standard 6:</b>	<b>Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>
<b>Performance Standard 7:</b>	<b>Indigenous Peoples</b>
<b>Performance Standard 8:</b>	<b>Cultural Heritage</b>

World Bank Group Environmental Health and Safety Guidelines which can be found at:  
<http://www.ifc.org/ehsguidelines>.

Environmental, Health, and Safety Guidelines for Offshore Oil and Gas Development which can be found at:  
[http://www.ifc.org/wps/wcm/connect/f3a7f38048cb251ea609b76bcf395ce1/FINAL\\_Jun+2015\\_Offshore+Oil+and+Gas\\_EHS+Guideline.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/f3a7f38048cb251ea609b76bcf395ce1/FINAL_Jun+2015_Offshore+Oil+and+Gas_EHS+Guideline.pdf?MOD=AJPERES).

Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development which can be found at:  
<http://www1.ifc.org/wps/wcm/connect/4504dd0048855253ab44fb6a6515bb18/Final%2B%2BOnshore%2BOil%2Band%2BGas%2BDevelopment.pdf?MOD=AJPERES&id=1323153172270>