

LAW No. 05/L-011 ON RATIFICATION OF FINANCING AGREEMENT BETWEEN THE REPUBLIC OF KOSOVO AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION REGARDING THE PROJECT ON ENERGY EFFICIENCY AND RENEWABLE ENERGY

Law No. 05/L-011

**ON RATIFICATION OF FINANCING AGREEMENT BETWEEN THE REPUBLIC OF KOSOVO
AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION REGARDING THE PROJECT ON
ENERGY EFFICIENCY AND RENEWABLE ENERGY**

Assembly of the Republic of Kosovo;

Based on Articles 18 and 65 (1) of the Constitution of the Republic of Kosovo,

Approves

**LAW ON RATIFICATION OF FINANCING AGREEMENT BETWEEN THE REPUBLIC OF
KOSOVO AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION REGARDING THE
PROJECT ON ENERGY EFFICIENCY AND RENEWABLE ENERGY**

Article 1
The purpose of the law

This Law aims to ratify Financing Agreement entered into between the Republic of Kosovo and the International Development Association for Financing the Project on Energy Efficiency and Renewable Energy.

Article 2
Ratification of Agreement

The Financing Agreement between the Republic of Kosovo and the International Development Association for the Project on Energy Efficiency and Renewable Energy, concluded on 15 January 2015, in Pristina, is ratified.

Article 3
Documents attached

Attached to this Law is the Financing Agreement between the Republic of Kosovo and the International Development Association for the Project on Energy Efficiency and Renewable Energy and General Conditions for Grants and Loans of International Development Association and Explanatory Letter for timetable 3 - Amortization Plan.

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Article 4
Entry into force

This Law shall enter into force on the day of publication in the Official Gazette of the Republic of Kosovo.

Law No.05/L-011
26 March 2015

Promulgated by Decree No.DL-005-2015, dated 10.04.2015, President of the Republic of Kosovo Atifete Jahjaga.

Explanatory Letter for timetable 3 - Amortization Plan

During the printing of the Agreement on Energy Efficiency and Renewable Energy between the Republic of Kosovo and the International Association for Development dated on 15 January 2015 there was a typographical error and the second part of the amortization, thus the period from 15 October **2029** up to 15 April 2039 is printed as the period from 15 October **2019** until 15 April 2039

This typographical error makes the agreement unenforceable, since it does not specify amount of the loan principal (denominated in percentage) to be paid.

In order to clarify this typographical error, the parties in agreement agreed that the timetable 3, Amortization Plan be as agreed during the negotiations, as follows:

**Timetable 3
Amortization Plan**

Date of payment	The amount of the loan principal to be paid (denominated in percentages)*
Each October 15 and April 15:	
Starting from October 15, 2019 until and including April 15, 2029	1.65%
Starting from October 15, 2029 until and including April 15, 2039	3.35%

* The percentage represents the percentage of the principal amount of the loan to be paid, unless differently specified by Association pursuant to Section 3.03 (b) of the General Conditions.

CREDIT NUMBER 5508-XK

Financing Agreement

(Energy Efficiency and Renewable Energy Project)

between

REPUBLIC OF KOSOVO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JANUARY 15, 2015

CREDIT NUMBER 5508 -XK

FINANCING AGREEMENT

AGREEMENT dated JANUARY 15, 2015 entered into between the REPUBLIC OF KOSOVO ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty million one hundred thousand Special Drawing Rights (SDR 20,100,000 (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.]
- 2.08. The Payment Currency is Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient through MoED declares its commitment to the objectives of the Project. To this end, the Recipient through MoED shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient through MoED has in accordance with Section 1.A of Schedule 2 to this Agreement, established a Project Implementation Unit (PIU) and recruited staff with qualifications and experience under terms of reference, and with resources satisfactory to the Association.
 - (b) The Recipient through MoED has in accordance with Section 1.B of Schedule 2 to this Agreement prepared and adopted, in form and manner, a Project Operations Manual satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date a hundred and twenty (120) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister for Finance.

5.02. The Recipient's Address is:

Ministry of Finance
Mother Teresa Street
10000 Pristina
Republic of Kosovo

Facsimile:

+381-38-213-113

5.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

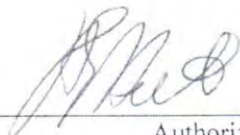
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1-202-477-6391

AGREED at PRISTINA, R. KOSOVO as of the day and year first above written.

REPUBLIC OF KOSOVO

By:


Authorized Representative

Name: H.E. AVDULLAH HOTI

Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:


Authorized Representative

Name: ELLEN GOLDSTEIN

Title: COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objectives of the Project are to: (a) reduce energy consumption and fossil fuel use in public buildings through energy efficiency and renewable energy investments and (b) enhance the policy and regulatory environment for renewable energy and energy efficiency.

The Project consists of the following parts:

Part 1. Energy Efficiency and Renewable Energy Investments in Public Buildings

Promoting efficient use of energy in public buildings through:

- (a) carrying out energy efficient and renewable energy Subprojects in central government owned buildings through provision of works;
- (b) carrying out pilot energy efficient Subprojects in municipal government owned buildings to test the various financing options to develop a broader program for the municipal market through provision of works;
- (c) conducting technical studies and supervision, including conducting building energy audits, development of designs and bidding documents, and carrying out construction supervision and waste disposal studies; and
- (d) providing targeted training to design firms, construction companies and other energy efficient and renewable energy service providers and disseminating information on project impacts and results.

Part 2. Policy and Regulatory Support for Renewable Energy and Energy Efficiency

Strengthening the Recipient's policy and regulatory regime for renewable energy and energy efficiency including:

- (a) providing support to the Energy Regulatory Office to promote sustainable development of renewable energy generation capacity including:
 - (i) improving the renewable energy regulatory regime , including FiTs and consumption based district heating tariffs;
 - (ii) streamlining the permitting, licensing processes and the mechanisms for monitoring licenses;

- (iii) developing specific rules for: (A) integrating renewable energy generation capacity into the grid and (B) grid connection agreements; and
 - (iv) conducting analyses for socially conscious tariff reform including FIT cost recovery and tariff increase impacts on consumer affordability; and
 - (v) carrying out assessments for renewable energy resources, through provision of technical advisory services, goods and Training;
- (b) providing support to the MoED to create an enabling regulatory environment for energy efficiency implementation including:
 - (i) undertaking a technical review of available information and developing the operating procedures for establishing a sustainable municipal energy efficiency financing scheme to scale up the piloting of the energy efficiency Subprojects under Part 1(b) of the Project; and
 - (ii) reviewing public procurement rules in the context of procuring energy efficient equipment and services and developing appropriate procurement guidelines; and developing an implementation plan to establish homeowner associations and piloting some energy efficient measures.

Part 3. Project Implementation Support

- (a) Establishing a Project Implementation Unit within KEEA and recruiting staff to carry out procurement, financial management and monitoring and evaluation of the Project.
- (b) Providing training to KEEA and PIU staff on effective implementation of the Project and sustainability of project activities and goals.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. **Institutional Arrangements**

1. Project Implementation Unit

- (a) The Recipient shall through MoED: (i) implement the Project, with KEEA in MoED as the main executing agency and, (ii) establish and thereafter, operate and maintain at all times during the implementation of the Project, a PIU under the management of KEEA with functions and responsibilities satisfactory to the Association, including ensuring prompt and efficient overall coordination with the various line ministries, municipalities and other beneficiaries on the day-to-day implementation of, and communication relating to, Project activities and results.
- (b) To this end, the Recipient shall through MoED appoint a procurement specialist, a financial management specialist and other staff on as needed basis with resources, qualifications, experience and under terms of reference satisfactory to the Association

2. Coordination Group

- (a) The Recipient through MoED shall maintain throughout the implementation of the Project, a Coordination Group (CG), chaired by the Chief Executive Officer of the KEEA with functions, responsibilities satisfactory to the Association, including, (i) overall coordination of the investments in energy efficiency and renewable energy measures in government owned buildings, (ii) providing technical guidance in connection with subproject pipelines, (iii) inter-ministerial coordination, (iv) budgeting and procurement and (v) resolving implementation issues.
- (b) To this end the Recipient shall through MoED designate representatives of the MoF, MoEST MoH, MPA, MoLGA, MoESP, MoJ and MoCYS as members of the CG.

B. Other Arrangements

1. Project Operations Manual

Without limitation to the provisions of Article V of the General Conditions, the Recipient shall through MoED ensure that:

- (a) the Project is carried out in accordance with the Project Operations Manual; and
- (b) the Project Operations Manual or any part thereof is not amended, waived, suspended or abrogated without the Association's prior written concurrence, and in case of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

2. Central Government Subprojects

In implementing Part 1 (a) of the Project, the Recipient, through MoED and in consultation with the various line ministries, shall:

- (a) select the buildings to be renovated on the basis of criteria set forth in the Project Operations Manual which shall *inter alia* include, the requirements that buildings should:
 - (i) be fully owned by the central government (excluding public owned enterprises);
 - (ii) be structurally sound and have not had comprehensive energy efficient renovations in the last 10 years and be at least 5 years old;
 - (iii) not be candidates for office moves, closure or privatization; and
 - (iv) not be used for security or defense purposes e.g. police or prisons;
- (b) enter into an agreement (Memorandum of Understanding or MoU) with each building administrator and the relevant Ministry consistent with the Model MoU in the Project Operations Manual to outline the obligations of each party in connection with the proposed renovations;
- (c) exercise its rights and carry out its obligations under each MoU in a manner to protect the interests of the Recipient and the Association and to accomplish the purpose of the Financing; and

- (d) except as the Association shall otherwise agree, the Recipient shall not assign, abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any MoUs or any provisions thereof and in case of any inconsistency between the provisions of any MoUs and those of this Agreement, the provisions of this Agreement shall prevail.

3. Municipal Government Subprojects

In implementing Part I (b) of the Project, the Recipient shall through MoED:

- (a) issue a letter of invitation to all the municipalities and provide them with information about the municipal Subprojects and request them to apply and indicate the buildings to be renovated and rehabilitated to promote more efficient energy use;
- (b) select the municipalities (Participating Municipalities) and the Subprojects to be financed by the Financing in accordance with eligibility criteria set forth in the Project Operations Manual which shall *inter alia* include the following requirements:
 - (i) the municipal Subproject selected to generate energy savings which meet the Agreed Levels of Indoor Comfort;
 - (ii) the municipality to be selected (Participating Municipality) to meet the requirements for co-financing the proposed municipal Subproject;
 - (iii) the buildings proposed by the Participating Municipality should:
 - A. be fully owned by the municipality, and structurally sound and have not had energy efficient renovations in the last 10 years and not be at least 5 years old;
 - B. not be candidates for office moves, closure or privatization; and
 - C. not be used for security or defense purposes e.g. police or prisons.
- (c) enter into an agreement (Municipal Agreement) with the Participating Municipality consistent with the model Municipal Agreement set forth in the Operations Manual, and including the following requirements:
 - (i) the obligation of the Recipient to provide part of the financing required to implement the Municipal Subproject to the Participating Municipality on a grant basis;

- (ii) the obligations of the Participating Municipality to co-finance the Municipal Subproject on the basis of criteria in the Operations Manual;
- (iii) rights adequate to protect the interests of the Recipient and those of the Association, including the right to:(A) suspend or terminate the right of the PM to use the proceeds of the financing all or any part of the amount of financing then withdrawn, upon the PM's failure to perform any of its obligations under the applicable contract; and (B) require each PM to: (1) carry out the Municipal Subproject with due diligence and efficiency and environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the goods, works and services to be financed out of the financing in accordance with the provisions of the Operations Manual; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress on the renovations of the buildings and the achievement of the objectives of the investments; (5) maintain a financial management system and prepare 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 Municipal Subproject; and (6) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (7) enable the Recipient and the Association to inspect the records of the PM, its operation and any relevant records and documents; and (8) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
- (d) The Recipient shall through MoED exercise its rights under each Municipal Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Municipal Agreement in connection with the municipalities or any of its provisions and in case of any inconsistency between the provisions of the Municipal Agreement and the provision of this Agreement, the provisions of this Agreement shall prevail.

4. Annual Work Plan and Budget

The Recipient shall through MoED:

- (a) prepare and furnish to the Association not later than November 15 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year (the relevant EMP) prepared in accordance with Section 1.B.4 of Schedule 2 to this Agreement, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing;
- (b) each such proposed work plan and budget shall specify any training activities that may be required under the Project, including: (i) the type of training; (ii) the purpose of the training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the training; (v) the location and duration of the training; and (vi) the cost of the training;
- (c) the Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and shall thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget"); and
- (d) the Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without the Association's written prior approval.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards.

1. The Recipient through MoED shall ensure that the Project is carried out in accordance with the EMF and if any Project activity would, pursuant to the EMF

- (a) require the carrying out of an Environmental Impact Assessment (EIA'), the Recipient shall ensure that an EIA for such activity is: (A) carried out, in accordance with the requirements of the EMF and furnished to the Association for review and approval; and (B) disclosed as required by the EMF and approved by the Association; and

- (b) require the preparation of an Environmental Management Plan, (EMP), such EMP is prepared in accordance with the EMF and furnished to the Association for review and approval, and is disclosed as required by the EMF and approved by the Association.
- 2. The Recipient through MoED shall ensure, throughout the implementation of the Project that the EIA, and EMP, are all implemented in accordance with their respective terms, including application and implementation of, as the case may be, the policies, procedures and arrangements therein respectively set forth.
- 3. The Recipient shall not amend, suspend, abrogate, terminate or waive, or permit to be amended, suspended, abrogated, terminated or waived, any of the EMF, and EMP, or any provision of any one thereof, except with the prior written approval of the Association.
- 4. In case of a conflict between the EMF or EMP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient through MoED shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient through MoED shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. The Recipient, through MoED, shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
- 3. The Recipient through MoED shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Good, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the following additional provisions set forth in the Annex; (c) Shopping and (d) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in

paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Subprojects under Part 1(a) of the Project	14,260,000	100%
(2) Subprojects under Part 1(b) of the Project	2,900,000	75%
(3) Consultant services, goods under Part 1 (c) 1(d), 2 and 3 of the Project	2,900,000	100%
(4) Operating Costs	40,000	100%
TOTAL AMOUNT	<u>20,100,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed €250,000 equivalent may be made for payments made prior to this date but on or after March 1, 2014 for Eligible Expenditures
2. The Closing Date is August 31, 2020.

SCHEDULE 3
Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each 15 th October and 15 th April:	
commencing 15 th October 2019 to and including 15 th April 2029	1.65%
commencing 15 th October 2019 to and including 15 th April 2039.	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Agreed Levels of Indoor Comfort" means the standardized comfort levels developed by the Ministry of Environment and Spatial Planning as determined by individual building energy audits and set forth in the Operations Manual.
2. "Annual Work Plan and Budget" means the work plan and budget prepared annually by the Recipient and approved by the Association in accordance with Section 1.B.4 of Schedule 2 to this Agreement; and "Annual Work Plans" means more than one Annual Work Plan and Budget.
3. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
5. "Environmental Impact Assessment" or "EIA" means, with respect to each activity under the Project pursuant to which the EMF requires an environmental impact assessment, such assessment carried out pursuant to Section 1.D of Schedule 2 to this Agreement, in accordance with the EMF; and "EIAs" means more than one EIA.
6. "EMF" means the Environmental Management Framework, Environmental Management Framework for Kosovo Energy Efficiency Renewable Energy Project dated March 31, 2014, prepared and adopted by the Recipient, disclosed in the Recipient's territory on April 1, 2014 and in the Association's InfoShop on April 8, 2014 referred to in Schedule 2, Section D of this Agreement, and satisfactory to the Association, describing the rules, guidelines and procedures to assess environmental impacts of the Project's activities and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance the positive impacts of the Project's activities, as the same shall be amended from time to time with the prior approval of the Association.
7. "EMP" or "Environmental Management Plan" means, with respect to each activity under the Project pursuant to which the EMF of said activity requires an environmental management plan, such plan prepared in accordance with the EMF pursuant to the provisions of Section 1.D of Schedule 2 to this Agreement; and "EMPs" means more than one EMP.

8. "FiTs" or "Feed In Tariffs" means preferential power purchase pricing and contracting mechanisms for renewable energy power producers to promote renewable energy technologies.
9. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
10. "Kosovo Energy Efficient Agency" or "KEEA" means an agency within the MoED established and operating pursuant to the Recipient's Energy Efficiency Law, April 25, 2012 or its legal successor thereto.
11. "MoCYS" means the Recipient's Ministry of Culture, Youth and Sports or its legal successor thereto.
12. "MoED" means the Recipient's Ministry of Economic Development or its legal successor thereto.
13. "MoEST" means the Recipient's Ministry of Education, Science and Technology or its legal successor thereto.
14. "MoESP" means the Recipient's Ministry of Environment and Spatial Planning or its legal successor thereto.
15. "MoF" means the Recipient's Ministry of Finance or its legal successor thereto.
16. "MoH" means the Recipient's Ministry of Health or its legal successor thereto.
17. "MoJ" means the Recipient's Ministry of Justice or its legal successor thereto.
18. "MoLGA" means the Recipient's Ministry of Local Government Administration or its legal successor thereto.
19. "MPA" means the Recipient's Ministry of Public Administration or its legal successor thereto.
20. "Municipality" means a basic unit of local government established and operating pursuant to the Recipient's law on Local Self Government, No. 03/L-040 or its legal successor thereto.
21. "Municipal Agreement" means an agreement entered into between the Recipient and the Participating Municipality (as hereinafter defined) and referred to in Section I.B.3(c) of Schedule 2 to this Agreement.
22. "Operating Costs" means the reasonable incremental expenses under the Project, and based on the Annual Work Plan and Budget, consisting of expenditures for

communications, translations, interpretation, advertising, lodging and per diem, (excluding the salaries of officials of the Recipient's civil servants).

23. "Participating Municipalities" or "PM" means those municipalities which have met the eligibility criteria to participate in the pilot energy efficiency investment program for municipalities under Part 1(b) of the Project.
24. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 14, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. "Project Implementation Unit" or "PIU" means the Recipient's unit to be established for the implementation of the Project pursuant to Section I.A.1 of Schedule 2 to this Agreement.
27. "Project Operations Manual" means the manual to be prepared and adopted by the Recipient, including all appendices and schedules thereto, satisfactory to the Association, which sets forth the policies and procedures that apply to the carrying out of the Project, including, *inter alia*: (a) rules, methods, guidelines and procedures; (b) the implementation arrangements and staffing requirements; (c) the estimated implementation schedule; (d) procedures for the subproject cycle (identification to commissioning), (e) model MOU and model Municipal Agreement for renovation of buildings in municipalities, (f) the procedures for accessing, disbursing and accounting for funds under the Project; (g) the procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports to be submitted by KEEA; and (h) the procedures for procurement and financial management, referred to in Section 1.B of Schedule 2 to this Agreement.
28. "Subprojects" means renewable energy and energy efficient investments to be carried out at selected sites and to be financed out of the proceeds of the Financing under Parts 1(a) and 1(b) of the Project.
29. "Training" means the reasonable costs associated with the training, workshop and study tour participation of personnel involved in Project activities, as specified in the Annual Work Plan and Budget, said costs to consist of travel and subsistence for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related

to training course, workshops or study tour preparation and implementation (but excluding costs of consulting services).

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *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.
 - (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest 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. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”
5. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
 6. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”
 7. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
 8. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).

ANNEX

NATIONAL COMPETITIVE BIDDING – MODIFICATIONS

The procedures to be followed for procurement of goods/works and non-consulting services using National Competitive Bidding shall be those of "Open Procedure" method as set forth in the Law No. 03/L-241, dated September 30, 2010 of the Republic of Kosovo with the following clarifications:

1. Participation by foreign bidders

Foreign bidders shall not be precluded from bidding. Foreign bidders shall not be required to form a joint venture or to sub-contract part of the supply of goods, works and services as a condition for submitting bids or the award of the contract.

2. Registration

Bidding shall not be restricted to pre-registered firms. Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

3. Advertising

Invitations to bid shall be advertised in a national newspaper of wide circulation in the national language(s) or official gazette provided that it is of a wide circulation or on a widely used website or electronic portal with free national and international access allowing a minimum of thirty (30) days for the preparation and submission of bids.

4. Pre-qualification

(a) Pre-qualification shall be used only for large, complex and/or specialized works; (b) where used, prequalification criteria shall be on a "pass/fail" basis; and (c) minimum experience, technical and financial requirements shall be explicitly stated in pre-qualification documents acceptable to the Association.

5. Participation by Government-owned enterprises

Government-owned enterprises in Kosovo shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient (as this term is defined in the Procurement Guidelines). Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

6. **Bidding Documents**

Procuring entities shall use the appropriate standard bidding documents acceptable to the Association.

7. **Bid Opening and Bid Evaluation**

(a) Bids shall be submitted in a single envelope and shall be opened in public immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid, discounts (if any) and existence of bid security shall be read aloud and recorded in the minutes of the public bid opening; a copy of the minutes shall be promptly provided to all bidders, and to the Association with respect to contracts subject to prior review.

(b) Evaluation of bids shall be made through post-qualification in strict adherence to the monetarily quantifiable criteria declared in the bidding document. Qualification criteria shall be on a "pass/fail" basis.

(c) Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform the contract in accordance with pre-defined and pre-disclosed evaluation criteria and no negotiation as to the price or substance shall take place.

(d) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior concurrence of the Association.

8. **Price Adjustment**

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

9. **Rejection of Bids**

All bids shall not be rejected (even if less than two (2) responsive bids are received), the procurement process shall not be cancelled and new bids solicited without the Association's prior concurrence.

10. **Securities**

A bid security shall be required and it shall not exceed three percent (3%) of the estimated cost of the contract and performance security not more than ten percent (10%)

of the contract price. No advance payment shall be made to contractors without a suitable advance payment security.

11. Award of Contract

Within two weeks from the Association's no-objection to the award recommendation for contracts subject to prior review and within two weeks from the Recipient's decision for contracts subject to post review, the contracting authority shall publish the following information on contract award on a free and open access website or on another means of publication acceptable to the Association: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) name of bidders whose bids were rejected and the reasons for their rejection; and (v) name of the winning bidder, final contract price and duration and summary scope of the contract awarded.

12. Right to inspect and audit

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Credit shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

13. Fraud & Corruption

Each bidding document and contract financed from the proceeds of the Credit shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The World Bank will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a World Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded a World Bank-financed contract.

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.