

DECRET N° 2006-701 DU 14 DECEMBRE 2006

portant ratification de l'accord du troisième
financement n° 4241-BEN signé le 08 novembre 2006
entre la République du Bénin et l'Association
Internationale de Développement (AID) dans le cadre
de l'Appui au Programme de Réduction de la
Pauvreté.

**LE PRESIDENT DE LA REPUBLIQUE,
CHEF DE L'ETAT,
CHEF DU GOUVERNEMENT,**

- Vu** la loi n° 90-032 du 11 décembre 1990 portant Constitution de la République du Bénin ;
- Vu** la Loi n° 2006-23 du 14 décembre 2006 portant autorisation de ratification de l'accord du troisième financement n° 4241-BEN signé le 08 novembre 2006 entre la République du Bénin et l'Association Internationale de Développement (AID) dans le cadre de l'Appui au Programme de Réduction de la Pauvreté)
- Vu** la proclamation le 29 mars 2006 par la Cour Constitutionnelle des résultats définitifs de l'élection présidentielle du 19 mars 2006 ;
- Vu** le décret n° 2006-613 du 19 novembre 2006 portant composition du Gouvernement et le décret n° 2006-622 du 29 novembre 2006 qui l'a modifié ;
- Vu** le décret n° 2006-680 du 10 décembre 2006 chargeant Monsieur Issifou KOGUI N'DOURO, Ministre de la Défense Nationale de l'intérim du Président de la République pour compter du 10 décembre 2006 ;

DECRETE :

Article 1^{er} : Est ratifié, l'accord de financement d'un montant de vingt millions deux cent mille (20.200.000) DTS soit environ seize milliards cinq cent vingt millions (16.520 000.000) de Francs CFA, signé le 08 novembre 2006 entre la République du Bénin et l'Association Internationale de Développement (AID) dans le cadre du troisième Appui au Programme de Réduction de la Pauvreté et dont le texte se trouve ci-joint.

Article 2 : Le présent décret sera publié au Journal Officiel.

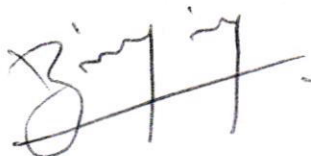
Fait à Cotonou, le 14 décembre 2006

Pour le Président de la République,
Chef de l'Etat, Chef du Gouvernement absent,
Le Ministre de la Défense Nationale chargé de
l'intérim,



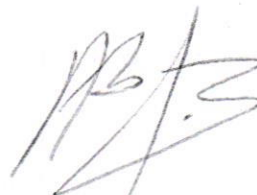
Issifou KOGUI N'DOURO.-

Le Garde des Sceaux, Ministre de la Justice
Chargé des Relations avec les Institutions,
Porte-Parole du Gouvernement,



Me Abraham ZINZINDOHOUE

Le Ministre du Développement,
de l'Economie et des Finances,



Sakinatou Abdou ALFA OROU SIDI
Ministre intérimaire

AMPLIATIONS : PR 6 AN 4 CS 2 CC 2 CES 2 HAAC 2 MDEF 4 MJCRI-PPG 4 AUTRES MINISTERES 20 SGG 4 DGBM-DCF-DGTCP-DGID-DGDDI 5 BN-DAN-DLC 3 GCONB-DCCT-INSAE 3 BCP-CSN-IGAA 3 UAC-ENAM-FADESP 3 UNIPAR-FDSP 02 JO 1.

CONFIDENTIEL
NE PAS DIFFUSER

TEXTE NEGOCIE

TRADUCTION NON OFFICIELLE
DU TEXTE ANGLAIS ORIGINAL
QUI SEUL FAIT FOI
(21 Septembre 2006)

FINANCEMENT NUMÉRO 4241-BEN

Accord de financement

(Troisième financement d'appui à la
réduction de la pauvreté)

entre

LA RÉPUBLIQUE DU BÉNIN

et

L'ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT

En date du 08 novembre 2006

TRADUCTION NON OFFICIELLE DU TEXTE ANGLAIS ORIGINAL QUI SEUL FAIT FOI

FINANCEMENT NUMÉRO 4241-BEN

ACCORD DE FINANCEMENT

ACCORD, en date du 08 novembre 2006, entre la RÉPUBLIQUE DU BÉNIN (« l'Emprunteur ») et l'ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT (« l'Association ») aux fins d'assurer un financement à l'appui du Programme (tel que défini dans l'Appendice au présent Accord).

L'Association a décidé d'accorder un financement sur la base, notamment : a) des mesures déjà prises par l'Emprunteur dans le cadre du Programme, qui sont décrites dans la Section I de l'Annexe 1 au présent Accord ; et b) du maintien par l'Emprunteur d'un cadre de politique macroéconomique adéquat. L'Emprunteur et l'Association conviennent par les présentes ce qui suit :

ARTICLE I—CONDITIONS GÉNÉRALES ; DÉFINITIONS

- 1.01. Les « Conditions Générales » (telles que définies dans l'Appendice au présent Accord) font partie intégrante du présent Accord.
- 1.02. À moins que le contexte ne requière une interprétation différente, les termes en majuscule utilisés dans l'Accord de Financement ont les significations qui leur sont données dans les Conditions Générales ou dans l'Appendice au présent Accord.

ARTICLE II— LE FINANCEMENT

- 2.01. L'Association accepte de mettre à la disposition de l'Emprunteur, aux conditions stipulées ou visées dans le présent Accord, un Crédit d'un montant égal à la contre-valeur de 20.2 millions Droits de Tirage Spéciaux (20.200.000 DTS) (« Crédit »)
- 2.02. L'Emprunteur peut retirer les fonds du Financement à l'appui du Programme conformément aux dispositions de la Section II de l'Annexe 1 au présent Accord.
- 2.03. Le Taux Maximum de la Commission d'Engagement que doit verser l'Emprunteur sur le Montant Non Décaissé du Financement est de un demi de un pour cent ($1/2$ de 1 %) par an.
- 2.04. La Commission de Service que doit verser l'Emprunteur sur le Montant Décaissé du Crédit est de trois-quarts de un pour cent ($3/4$ de 1 %) par an.

- 2.05. Les Dates de Paiement sont le 1^{er} avril et le 1^{er} octobre de chaque année.
- 2.06. Le montant en principal du Crédit est remboursé conformément au calendrier d'amortissement stipulé à l'Annexe 2 au présent Accord.
- 2.07. La Monnaie de Paiement est la monnaie de la République Française.

ARTICLE III — LE PROGRAMME

- 3.01 L'Emprunteur déclare qu'il souscrit pleinement aux objectifs du Programme. A cette fin:
- a) l'Emprunteur et l'Association procèdent, à la demande de l'une ou l'autre partie, à des échanges de vues sur l'avancement de l'exécution du Programme et les actions spécifiées à la Section I de l'Annexe 1 au présent Accord ;
 - b) préalablement à chacun de ces échanges de vues, l'Emprunteur communique à l'Association, pour examen et observations, un rapport sur l'avancement de l'exécution du Programme, dont le degré de détail est raisonnablement fixé par l'Association ; et
 - (c) sans préjudice des dispositions des paragraphes a) et b) de la présente Section, l'Emprunteur procède à des échanges de vues avec l'Association sur toute mesure qu'il est proposé de prendre après le décaissement du Financement, et qui aurait pour effet de contrecarrer substantiellement les objectifs du Programme, ou toute mesure prise dans le cadre du Programme y compris toute mesure énoncée à la Section I de l'Annexe 1 au présent Accord.

ARTICLE IV — RECOURS DE L'ASSOCIATION

- 4.01. En sus des cas de suspension prévus dans les Conditions Générales, l'avènement d'une situation qui rend improbable l'exécution du Programme ou une partie substantielle dudit Programme constitue un « Autre Cas de Suspension ».

ARTICLE V — ENTREE EN VIGUEUR

- 5.01 La Date Limite d'Entrée en Vigueur est la date qui est 90 jours après la date de signature du présent Accord ou toute autre date retenue d'accord parties.

ARTICLE VI — REPRÉSENTANT ; ADRESSES

6.01. Le Représentant de l'Emprunteur est le Ministre chargé des Finances.

6.02. L'Adresse de l'Emprunteur est :

Ministère du Développement, de l'Économie et des Finances
B.P. 302
Cotonou
République du Bénin

Adresse télégraphique :	Télex :	Télécopie :
MINFINANCES	5009 MINFINOR	(229) 21 30 18 51
Cotonou	5289 CAA	(229) 21 31 53 56

6.03. L'Adresse de l'Association est :

Association Internationale de Développement
1818 H Street, N.W.
Washington, D.C. 20433
Etats-Unis d'Amérique

Adresse télégraphique :	Télex :	Télécopie
INDEVAS	248423(MCI) ou	1-202-477-6391
Washington, D.C.	64145(MCI)	

APPROUVÉ à _____, _____, les jour et an que dessus*.

RÉPUBLIQUE DU BÉNIN

Par

Cyrille S. OGUIN

Représentant Habilité

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT

Par

Nils O. TCHEYAN

Représentant Habilité

* L'Accord est signé dans sa version originale en anglais.

ANNEXE 1

Mesures inscrites au Programme ; disponibilité des fonds du Financement

Section I. Mesures prises dans le cadre du Programme.

Les mesures prises par l'Emprunteur dans le cadre du Programme, qui sont décrites ci-après, ont pour objet de :

Favoriser le développement du secteur privé :

Formulation et adoption d'une stratégie d'ensemble révisée pour le développement du secteur privé sur la base des recommandations des études (compétitivité, sources de croissance, climat des investissements, cadre intégré et réforme foncière) et émettre une lettre de Politique Générale.

Améliorer les performances du secteur agricole :

Exécution de manière satisfaisante des mesures additionnelles identifiées, qui incluent :

- (a) Révision du cadre institutionnel de représentation des professionnels au sein de l'interprofession du coton (AIC, CSPR et CAGIA)
- (b) Achever une nouvelle étude sur le mécanisme d'approvisionnement et de distribution des intrants du coton et assurer une exécution effective de ces recommandations principales pour la campagne de production 2006/2007; et
- (c) Achever une étude sur l'établissement d'un mécanisme de stabilisation du prix du coton dont la gestion associera le secteur privé.

Améliorer l'accès à l'eau potable et l'assainissement en milieu rural et semi-urbain :

Adoption d'une note stratégique pour la professionnalisation de la gestion des systèmes d'Adduction d'Eau Villageoise (AEV) et pour la mise en place du partenariat public privé (PPP) local pour la gestion des 10 systèmes d'adduction d'eau qui seront construits dans le cadre de l'initiative « Eau centres semi urbains »

Améliorer la performance du système national de santé :

Mise en œuvre des mécanismes financiers pour faciliter l'accès des pauvres aux services de santé dans les 10 zones sanitaires pilotes et préparation d'un rapport d'exécution (y compris les leçons et recommandations).

Améliorer l'accès à l'éducation de base de qualité :

- Mise en œuvre du plan de redéploiement (redéploiement et recrutement décentralisé et sur poste de 1000 nouveaux enseignants contractuels du primaire) pour les enseignants des écoles publiques et améliorer la distribution à travers les zones.
- Adoption du document de politique éducative qui inclut l'alphabétisation et le genre.

Améliorer la gestion des finances publiques et des services :

- Soumission à l'Assemblée Nationale du projet de Loi de Finances 2006 en accord avec le CDMT 2006-08 et la SRP.
- Réalisation des objectifs fixés dans les budgets-programmes 2005 des secteurs prioritaires.
- Adoption par le Conseil des Ministres d'un décret relatif à : (i) la création des structures de contrôle interne au sein des ministères (avec la compétence dans tout le pays), et (ii) la définition des normes et standards professionnels;

Soumission à l'Assemblée Nationale du projet de Loi de Règlement 2001 et mise en place d'un plan d'action pour accélérer le traitement par la Chambre des Comptes des comptes de gestion en instance (2002, 2003, 2004 et 2005)

Renforcement du secteur juridique et judiciaire :

Réalisation du concours pour recruter 40 magistrats et 30 greffiers supplémentaires.

Améliorer la gestion des ressources humaines pour atteindre les objectifs de politique sectorielle

Adoption d'un plan d'actions de réforme 2006-08, incluant : (i) une stratégie d'évolution des effectifs dans un cadre soutenable, et (ii) la préparation d'un nouveau statut de la fonction publique qui prend en compte des éléments de gestion basée sur la performance.

Section II. Disponibilité des fonds du Financement

- A. **Disposition générale.** L'Emprunteur peut retirer les fonds du Financement conformément aux dispositions de la présente Section et toute autre instruction supplémentaire que pourrait notifier l'Association à l'Emprunteur.
- B. **Allocation des montants du Financement.** Le Financement est versé en une seule tranche. L'allocation des montants du Financement à cet effet est indiquée dans le tableau ci-dessous:

Allocations	Montant du Financement alloué (en DTS)
Tranche unique	20.200.000
MONTANT TOTAL	20.200.000

C. **Dépôt des montants du Financement.**

À moins que l'Association n'en dispose autrement :

1. tous les montants retirés du Compte de Financement sont déposés par l'Association dans un compte désigné par l'Emprunteur et jugé acceptable par l'Association (Compte de Dépôt); et
2. l'Emprunteur prend les dispositions nécessaires pour que, chaque fois qu'un montant du Financement est déposé dans ce compte, un montant équivalent est enregistré dans le système de gestion budgétaire de l'Emprunteur, d'une manière jugée acceptable par l'Association.

D. **Audits.**

À la demande de l'Association, l'Emprunteur :

1. fait auditer le Compte de Dépôt et le mécanisme d'enregistrement du Financement dans le système de gestion budgétaire de l'Emprunteur mentionnés dans la Section C ci-dessus, par des auditeurs indépendants jugés acceptables par l'Association conformément à des principes d'audit jugés acceptables par l'Association ;
2. communique à l'Association dans les meilleurs délais, et dans tous les cas au plus tard quatre (4) mois après la date à laquelle l'Association a demandé ledit audit, une copie certifiée conforme du rapport dudit audit, dont la portée et le degré de détail ont été raisonnablement fixés par l'Association ; et

3. communique à l'Association toute autre information concernant le Compte de Dépôt et le mécanisme d'enregistrement du Financement, et leurs audits que l'Association aura raisonnablement demandé.

E. Dépenses non Autorisées. L'Emprunteur s'engage à ne pas utiliser les fonds du Financement pour financer des Dépenses non Autorisées. Si l'Association établit à un moment quelconque qu'un montant quelconque des fonds du Financement a été utilisé pour régler une Dépense Non Autorisée, l'Emprunteur, dès notification de l'Association, rembourse un montant égal au montant dudit paiement à l'Association. Les montants ainsi remboursés à l'Association à sa demande sont annulés.

F. Date de clôture. La Date de clôture est fixée au 31 décembre 2007.

ANNEXE 2

Calendrier de Remboursement

Date d'Exigibilité	Montant en principal du Crédit exigible (en pourcentage)*
Tous les 1 ^{er} avril et 1 ^{er} octobre :	
à partir du 1 ^{er} avril, 2017 jusqu'au 1 ^{er} octobre 2026 inclus	1 %
à partir du 1 ^{er} avril, 2027 jusqu'au 1 ^{er} octobre 2046 inclus	2 %

* Les pourcentages indiqués représentent le pourcentage du montant en principal du Crédit devant être remboursé, à moins que l'Association n'en dispose autrement conformément à la Section 3.03 (b) des Conditions Générales.

APPENDICE

Section I. Définitions

1. L'expression « Dépenses Non Autorisées » couvre :

- a) les dépenses se rapportant à des fournitures ou services acquis en vertu d'un marché ou contrat qu'une institution ou agence nationale ou internationale autre que l'Association ou la Banque a financé ou accepté de financer, ou que l'Association ou la Banque a financé ou accepté de financer au titre d'un autre Financement, crédit, don ou prêt ;
- b) des dépenses se rapportant à des fournitures figurant dans les groupes ou sous-groupes suivants de la Classification Type pour le Commerce International, Révision 3 (CTCI, Rév. 3), publiée par l'Organisation des Nations Unies dans Études Statistiques, Série M, n° 34/Rév. 3 (1986) (la CTCI), ou dans tous groupes ou sous-groupes correspondants à de futures révisions de la CTCI, désignés par notification de l'Association à l'Emprunteur :

Groupe	Sous-groupe	Produit
112		Boissons alcooliques
121		Tabac, brut ou non fabriqué ou déchets de tabac
122		Tabacs fabriqués (même contenant substitués)
525		Matières radioactives et produits associés
667		Perles, pierres précieuses ou semi-précieuses, brutes ou travaillées
718	718.7	Réacteurs nucléaires et leurs parties; éléments combustibles non irradiés (cartouches) pour réacteurs nucléaires
728	728.43	Matériel de transformation du tabac
897	897.3	Bijoux d'or, d'argent ou de métaux du groupe platine (à l'exception des montres et des boîtiers) et articles d'orfèvrerie (y compris les pierres précieuses serties)
971		Or, à usage non monétaire (à l'exclusion des minerais et

	concentrés d'or)
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- c) des dépenses se rapportant à des fournitures destinées à des fins militaires ou paramilitaires ou à la consommation de luxe ;
- d) des dépenses se rapportant à des fournitures dangereuses pour l'environnement, dont la fabrication, l'utilisation ou l'importation sont interdites par les lois de l'Emprunteur ou les accords internationaux auxquels le Emprunteur est partie ;
- e) pour tout règlement interdit en application d'une décision prise par le Conseil de Sécurité des Nations Unies au titre du Chapitre VII de la Charte des Nations Unies ; et
- f) de dépenses afférentes à un marché ou contrat eu égard auquel l'Association établit que des représentants de l'Emprunteur ou d'un destinataire de fonds du Financement se sont livrés à des pratiques de corruption ou à des manœuvres frauduleuses, au stade de la passation ou de l'exécution, sans que l'Emprunteur ait pris en temps voulu des mesures appropriées, jugées satisfaisantes par l'Association, pour remédier à la situation.

2. L'expression « Conditions Générales » désigne les « Conditions Générales de l'Association Internationale de Développement Applicables aux Crédits et aux Dons » en date du 1^{er} juillet 2005, compte tenu des modifications stipulées à la Section II du présent Appendice.

3. Le terme « Programme » désigne le programme d'actions, d'objectifs et de politiques conçus pour promouvoir la croissance et faire reculer durablement la pauvreté, énoncés ou visés dans une lettre en date du 28 juillet 2006 du Emprunteur à l'Association par laquelle le Emprunteur déclare sa détermination à exécuter le Programme et demande à l'Association de fournir un appui audit Programme durant son exécution.

4. Le sigle « DSRP » désigne le Document de Stratégie de Réduction de la Pauvreté 2003-2005 adopté par l'Emprunteur le 20 septembre 2002 ;

5. Le terme « Tranche unique » désigne le montant du Financement alloué à la catégorie intitulée « Tranche unique » dans le tableau figurant dans la Partie B de la Section II de l'Annexe I au présent Accord.

Section II. Modifications aux Conditions Générales

Les modifications aux « Conditions générales pour les Crédits et les Dons de l'Association Internationale de Développement », en date du 1^{er} juillet 2005 sont énoncées ci-après :

1. La dernière phrase du paragraphe a) de la Section 2.03 (concernant les Demandes de Retrait) est entièrement supprimée.

2. Les Sections 2.04 (*Comptes Désignés*) et 2.05 (*Dépenses Autorisées*) sont entièrement supprimées, et les Sections restantes de l'Article II sont renumérotées en conséquence.
3. Les Sections 4.01 (*Exécution générale du Projet*) et 4.09 (*Gestion financière ; États financiers ; Audits*) sont entièrement supprimées, et les Sections restantes de l'Article IV sont renumérotées en conséquence.
4. Le paragraphe a) de la Section 4.05 (renumérotée conformément aux termes du paragraphe 3 ci-dessus et se rapportant à l'*Utilisation des Fournitures, des Travaux et des Services*) est entièrement supprimé.
5. Le paragraphe c) de la Section 4.06 (renumérotée conformément aux termes du paragraphe 3 ci-dessus) est modifié et doit se lire comme suit :

« Section 4.06. *Plans et Documents ; Écritures*

... c) Le Emprunteur et l'Organisme d'Exécution du Projet conservent toutes les écritures (contrats, commandes, factures, notes, reçus et autres pièces) justifiant les dépenses dans le cadre du Financement jusqu'à la date tombant deux ans après la Date de Clôture. Le Emprunteur permettent aux représentants de l'Association d'examiner lesdites écritures. »

6. La Section 4.07 (renumérotée conformément aux termes du paragraphe 3 ci-dessus) est modifiée et doit se lire comme suit :

Section 4.07. *Suivi et Évaluation du Programme*

... (c) Le Emprunteur prépare, ou veille à ce que soient préparés, et communique à l'Association au plus tard six mois après la Date de Clôture, un rapport dont la portée et le degré de détail ont été raisonnablement fixés par l'Association, sur l'exécution du Projet, la performance du Emprunteur et de l'Association en ce qui concerne les obligations qui leur incombent respectivement en vertu des Accords Juridiques et la réalisation des objectifs du Financement.

7. Les expressions et définitions énoncées dans l'Appendice sont modifiées ou supprimées de la manière indiquée ci-après, et les nouvelles expressions et définitions énoncées ci-après sont ajoutées par ordre alphabétique (de la version anglaise) dans l'Appendice, et les différents termes sont renumérotés en conséquence :

- a) La définition de l'expression « Dépenses Autorisées » est modifiée et doit se lire comme suit :

« L'expression « Dépenses Autorisées » désigne toute utilisation du montant du Financement à l'appui du Programme, à l'exclusion du financement des dépenses exclues en vertu de l'Accord de Financement. »

- b) L'expression « États Financiers » et sa définition telles qu'elles apparaissent dans l'Appendice sont entièrement supprimées.
- c) Le terme « Projet » est modifié et doit se lire « Programme » et sa définition est modifiée et doit se lire comme suit :

« Le terme « Programme » désigne le programme décrit dans l'Accord de Financement, au titre duquel le Financement est accordé ». Toutes les références au « Project » dans les Conditions Générales doivent être considérées comme des références au « Programme ».

CREDIT NUMBER 4241-BEN

Financing Agreement

(Third Poverty Reduction Development Policy Financing)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *November 8*, 2006

CREDIT NUMBER 4241-BEN

FINANCING AGREEMENT

Agreement dated November 8, 2006, entered into between REPUBLIC OF BENIN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

The Association has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Recipient's maintenance of an appropriate macro-economic policy framework. The Recipient and the Association therefore 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 the Financing 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 20.2 million Special Drawing Rights (SDR 20,200,000) ("Credit").
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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%) per annum.
- 2.05. The Payment Dates are April 1 and October 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is the currency of the French Republic.

ARTICLE III — PROGRAM

- 3.01 The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Section I of Schedule 1 to this Agreement;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall exchange views with the Association on any proposed action to be taken after the disbursement of the Financing which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister of the Borrower at the time responsible for finance.

6.02. The Recipient's Address is:

Ministère du Développement, de l'Economie et des Finances
B.P. 302
Cotonou
Republic of Benin

Cable:

Telex:

Facsimile:

MINFINANCES
Cotonou

5009 MINFINOR
5289 CAA

(229) 21 30 18 51
(229) 21 31 53 56

6.03. The Association's Address is:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

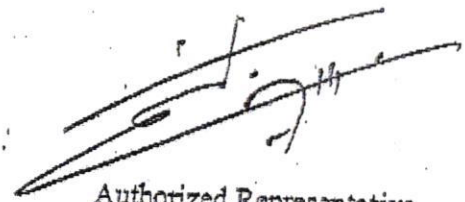
248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at the District of Columbia, United States of America, this 14th day of November 2006.

REPUBLIC OF BENIN

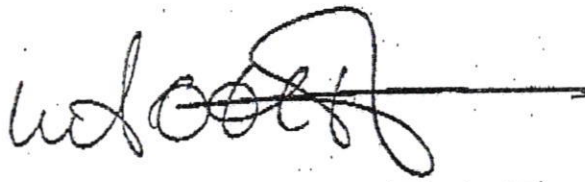
By:



Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

SCHEDULE I

Program Actions; Availability of Financing Proceeds

Section I. Actions Under the Program

A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

To improve private sector development:

- Develop and adopt a revised strategy for private sector development, based on study recommendations on competitiveness, sources of growth, investment climate, integrated framework, and land assets securitization; and prepare a Letter of Policy.

To improve performance in the agriculture sector:

Satisfactorily implement the identified additional measures, which include:

- (a) Revise the institutional framework for representation of professionals in the cotton inter-professional organizations (AIC, CSPR, CAGIA);
- (b) Complete a new study on cotton inputs supply and marketing arrangements and ensure an effective implementation of its main recommendations with the 2006/2007 harvesting campaign; and
- (c) Complete a study on a private-based cotton price stabilization mechanisms managed by the private sector.

To improve population access to drinking water and better sanitation in rural and semi-urban areas:

Adopt a strategic note for the professionalization of village-level water systems management and for the development of private/public partnership (PPP) for water system to manage ten (10) water supply systems, which will be constructed under the initiative "water in semi-urban centers".

To improve the performance of the national health system:

- Implement the sliding-scale and exemption mechanisms that provide the poor with a financially affordable access to quality health services in ten (10) health districts and prepare an implementation report.

To improve access to quality basic education:

- Implement the redeployment plan for teachers (redeployment and decentralized recruitment to fill 1,000 new contractual positions in the primary grades) in public schools, and improve teacher distribution within and across districts.

Adopt the new Education Sector Policy and Strategy Paper, to include literacy and gender.

To improve the management of public finances and services:

- Submit the 2006 budget law to the National Assembly in line with 2006-2008 MTEF ceilings and PRSP priorities.
- Achieve the targets set in the 2005 program-budgets in priority sectors/program.
- Adoption by the Cabinet of a decree relative to: (i) the creation of internal control units within ministries (with nationwide competency); and (ii) the definition of professional norms and standards.
- Submit to the National Assembly the 2001 budget draft "*loi de règlement*" (audit of Budget execution) and establishment of an action plan for acceleration of the treatment by the *Chambre des Comptes* of the pending budget audits (2002, 2003, 2004 and 2005).

To improve the legal and judicial sector:

- Organization of examination to recruit 40 additional judges and 30 additional clerks of the court.

To improve human resources management towards achieving sector policy objectives:

- Adopt a reform action plan for 2006-2008 that includes: (a) a strategy for increasing staffing within a sustainable framework; and (b) preparation of a new civil servant statute that takes into account performance-based management requirements.

Section II. Availability of Financing Proceeds

- A. **General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Financing Amounts.** The Financing shall be withdrawn in a single tranche. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in DTS)
Single Tranche	20,200,000
TOTAL AMOUNT	20,200,000

C. **Deposits of Financing Amounts.** Except as the Association may otherwise agree:

1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and
2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

D. **Audit.** Upon the Association's request, the Recipient shall:

1. have the account and the recording of amounts of the Financing into the Recipient's budget management system referred to in Part C of this Section audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than four months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request; and
3. furnish to the Association such other information concerning the said account and recording of Credit amounts into the budget management system, and their audit, as the Association shall reasonably request.

E. **Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

F. **Closing Date.** The Closing Date is December 31, 2007.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
Commencing April 1, 2017 to and including October 1, 2026	1%
Commencing April 1, 2027 to and including October 1, 2046	2%

*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. "CFA Franc" means the currency of the Borrower.
2. "Excluded Expenditure" means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another Financing, credit, grant or loan;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured; tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
 - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) under a contract with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds during the procurement or execution of such contract, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to remedy the situation.
3. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005, with the modifications set forth in Section II of this Appendix.
4. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty as set forth or referred to in the letter dated July 28, 2006 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
5. "Single Tranche" means the amount of the Financing allocated to the category entitled "Single Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

"Section 4.06. Plans; Documents; Records

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association's representatives to examine such records."

6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

Section 4.07. Program Monitoring and Evaluation

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"'Eligible Expenditure' means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement."

- (b) The term "Financial Statements" and its definition as set forth in the Appendix are deleted in their entirety.

- (c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

"'Program' means the program referred to in the Financing Agreement in support of which the Financing is made." All references to "Project" throughout these General Conditions are deemed to be references to "Program".

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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 Project Preparation Advance*

If the Association or the Bank has made an advance to the Recipient for the preparation of the Project ("Project 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 unpaid

charges 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; and
- (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.

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.

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 5.01. *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 (k) 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.

(e) *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) *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.

(d) *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.

(e) *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.

(f) *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.

(g) *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.

(h) *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).

(i) *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.

(j) *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.

(k) *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; Corruption; Collusion; Coercion.* At any time, the Association: (i) determines, with respect to any contract to be financed out 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 Financing proceeds) during the procurement or the execution of such contract, without the Recipient or the Project Implementing Entity (or other recipient of the Financing proceeds) having taken timely and appropriate action satisfactory to the Association to remedy the situation; 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.

(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 (g) (ii) (B) of Section 6.02 has occurred, subject to the proviso of sub-paragraph (g) (iii) of that Section.
- (d) *Assignment of Obligations; Disposition of Assets.* Any event specified in paragraph (h) of Section 6.02 has occurred.
- (e) *Condition of Project Implementing Entity.* Any event specified in sub-paragraph (j) (i), (j) (ii), or (j) (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, use of such amount to: (i) make a payment for an expenditure that is not an Eligible Expenditure; or (ii) finance a contract during the procurement or execution of which corrupt, fraudulent, collusive or coercive 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), without the Recipient or the Project Implementing Entity (or other such recipient) having taken timely and appropriate action satisfactory to the Association to remedy the situation.

(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.

(c) 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 Party 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.

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(k).
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. "Arbital 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 (g) 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 (g) 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 (g) providing for the Co-financing.

13. "Co-financing Deadline" means the date referred to in Section 6.02 (g) (1) 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. "Principal Payment Date" means each date specified in the Financing Agreement on which an installment of the principal amount of the Credit is payable.
38. "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.
39. "Project Agreement" means the agreement between the Association and the Project Implementing 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.
40. "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.
41. "Project Implementing Entity's Address" means the Project Implementing Entity's address specified in the Project Agreement for the purpose of Section 9.01.
42. "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).
43. "Project Preparation Advance" means the advance for the preparation of the Project referred to in the Financing Agreement and repayable in accordance with Section 2.07.
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.