

31-Oct-2018

Prof. Etienne Ehouan Ehile
Secretary General
Association of African Universities
Republic of Ghana

Re: Africa: Advance Agreement for the Preparation of the Proposed
Africa Higher Education Centers of Excellence for the Development
Impact Project (Phases I and II)
Project Preparation Advance No. V2340

Dear Sir:

In response to the request for financial assistance made on behalf of the Association of African Universities (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient, for the benefit of the Participating Countries, an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million five hundred thousand Dollars (\$1,500,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the quality, quantity and development impact of postgraduate education in selected universities through regional specialization and collaboration (“Project”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

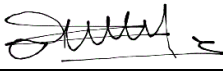
The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this

Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Rachid Benmessaoud

Coordinating Director for West Africa Regional Integration Program
Africa Region

AGREED:
ASSOCIATION OF AFRICAN UNIVERSITIES

By:



Name: Etienne Ehouan Ehile

Title: Secretary General

Date: 31st October, 2018

Enclosures:

- (1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010.
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
- (3) “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

Article I
Standard Conditions; Definitions

1.1. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.2. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

(a) “Association of African Universities” and “AAU”, each means a regional entity established in Ghana with membership consisting of African universities, for the purpose of promoting collaboration among African universities of higher learning.

(b) “ACE” means Africa Center of Excellence, a higher education center within the Participating Universities.

(c) “M&E” means monitoring and evaluation.

(d) “Operating Costs” means the incremental expenses incurred on account of implementation of the Activities, consisting of reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Recipient staff for travel linked to the implementation of the Activities, salaries of contractual staff of the Recipient, but excluding salaries of officials of the Recipient and the Participating Countries.

(e) “Participating Countries” means the Republic of Benin, Burkina Faso, the Republic of Cameroon, the Republic of Cote d’Ivoire, the Republic of Djibouti, the Republic of Ghana, the Republic of Guinea, the Republic of Niger, the Federal Republic of Nigeria, the Republic of Senegal, the Republic of The Gambia and the Togolese Republic.

(f) “Participating Universities” means universities from the Participating Countries which will participate in the implementation of the Project and the preparation advance being financed by the World Bank.

(g) “TOR” means terms of reference.

(h) “Training” means the reasonable costs associated with training and workshops’ organization and participation under the Activities, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers and presenters, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshops’ preparation and implementation.

Article II

Execution of the Activities

2.1. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

(a) Support the Project's regional competition for the selection of ACEs, including: (i) the pre-call for proposals; (ii) the call for proposals; and (iii) proposal evaluation activities.

(b) Support proposals' improvement and Project readiness, including: (i) preparation of TORs; (ii) preparation of the Project operational manual and other Project implementation documents; (iii) logistical support for the Project's steering committee meetings; (iv) Project launch workshops; and (v) capacity building bootcamp for selected centers.

(c) Support M&E activities, including: (i) baseline studies; (ii) development of a graduate tracer studies tool; (iii) the establishment of an M&E plan; and (iv) a database development.

2.2. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.3. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.4. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.5. Procurement

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and revised August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated October 4, 2018 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

3.1. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	1,500,000	100%
TOTAL AMOUNT	1,500,000	

3.2. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed \$300,000 equivalent may be made for payments made prior to this date but on or after June 1st, 2018.

3.3. **Refinancing Date.** The Refinancing Date is June 30, 2019.

Article IV Terms of the Advance

4.1. *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.2. *No Repayment in the absence of a Refinancing Agreement:* Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

Article V Additional Remedies

5.1. *Additional Events of Suspension.* The Additional Events of Suspension consist of the following:

(a) IBRD or IDA has declared the Recipient ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of a declaration by another financier that the Recipient is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(b) The Recipient's constitution and/or by-laws has(ve) been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the World Bank, the ability of the Recipient to perform any of its obligations under this Agreement.

Article VI Recipient's Representative; Addresses

6.1. *Recipient's Representative.* The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its secretary general.

6.2. *Recipient's Address.* The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Association of African Universities
African Universities House
Trinity Avenue, East Legon, Accra, Ghana
P. O. Box AN 5744, Accra-North, Ghana

Facsimile:

+233-302 77482

6.3. ***World Bank's Address.*** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

(1)-202-477-6391

APPENDIX

Modifications to the Standard Conditions and Anti-Corruption Guidelines

I. Modifications to the Standard Conditions

The modifications to the Standard Conditions Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 are as follows (all references to Sections and the Appendix are to Sections of and the Appendix to said Standard Conditions):

A. Section 2.11 (a) is modified to read as follows:

“Section 2.11. (*Visits*) (a) The Recipient shall take all measures required on its part to enable the representatives of the World Bank to visit any part of any Member Country’s territory for purposes related to the Advance or the Activities.”

B. The expression “territory of the Recipient” or “its territory”, wherever used in Sections 3.06 (*Financing Taxes*), 4.07 (*Manner of Payment*) and 5.01 (*Financial and Economic Data*) is modified to read “territory of each Member Country”,

C. Section 6.02(h) (*Membership*) is deleted in its entirety, and the remaining paragraphs of Section 6.02 are renumbered accordingly.

D. The expression “Implementing Entity”, wherever used in Sections 6.02 (i) (*Condition of Implementing Entity*) and 6.02 (j) (*Ineligibility*), is modified to read “Recipient”.

E. A new paragraph (l) is added to Section 6.02 (*Suspension by the World Bank*) (and the existing paragraph (l) is renumbered as (m)) to read as follows:

“(a) *Interference*. Any Member Country has: (i) taken or permitted to be taken any action which would prevent or interfere with the execution of the Activities or the performance by the Recipient of its obligations under the Advance Agreement; or (ii) failed to afford a reasonable opportunity for representatives of the World Bank to visit any part of its territory for purposes related to the Advance or the Activities.”

F. A new definition is added to the Appendix to read as follows:

““Member Country” means each member state of the Recipient or any of such member’s political or administrative subdivisions.”

G. The definition of “Recipient” is modified to read as follows:

““Recipient” means the entity which is a party to the Advance Agreement and to which the Advance is extended.”

Prof. Etienne Ehouan Ehile
Secretary General
Association of African Universities
African Universities House
Trinity Avenue, East Legon, Accra, Ghana
P. O. Box AN 5744, Accra-North, Ghana

**Re: Preparation of the Proposed Africa Centers of Excellence for Development Impact Project
(Phases I and II) Preparation Advance No. IDA V2340
Additional Instructions: Disbursement**

Excellency:

I refer to the Advance Agreement (“Agreement”) between the Association of African Universities (“Recipient”) and the International Development Association (“World Bank”) for the preparation of the above-referenced Project of even date, herewith. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Project Preparation Advance IDA-V2340 (“PPA”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Investment Project Financing*, dated February 1, 2017, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the PPA is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the PPA:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

II. Withdrawal of PPA Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office
Plot 3, Independence Avenue & King Hassan Street, Ridge
Accra, Ghana
Attention: Henry G. R. Kerali
Country Director for Ghana

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
Delta Center, 13th Floor
Menengai Road, Upper Hill
Nairobi, Kenya
Contact Telephone Number: +254 20 2936 000
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 50,000

(vi) Advances (sections 5 and 6).

- *Type of Designated Account (subsection 5.3):* Segregated
- *Currency of Designated Account (subsection 5.4):* USD
- *Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):* Zenith Bank
- *Ceiling (subsection 6.1):* forecast for 2 quarters as provided in the quarterly Interim Financial Report

III. Reporting on Use of PPA Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- *For requests for Reimbursement and reporting eligible expenditures paid from the Designated Account:*
 - Interim Financial Report in the form attached (Attachment 4)
- *For requests for Direct Payment:* records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): quarterly

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

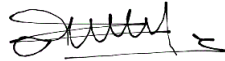
From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information. For more information about the website

and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Jean Owino, Finance Officer at <jowino@worldbank.org >, with copy to Chinari Dilip Kumar Prusty, Finance Analyst at <dprustychinari@worldbank.org> using the above reference.

Yours sincerely,



Rachid Benmessaoud
Coordinating Director for West Africa Regional Integration Program
Africa Region

Attachments

1. *World Bank Disbursement Guidelines for Investment Project Financing*, dated February 1, 2017
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Interim Financial Report

[Letterhead]
Association of African Universities
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: Project Preparation Advance No. IDA V2340
(Preparation of the Proposed Africa Centers of Excellence for Development Impact Project - Phases I and II)

I refer to the Advance Agreement (“Agreement”) between the Association of African Universities (“Recipient”) and the International Development Association (“World Bank”) dated _____, providing for the above Project Preparation Advance. For the purposes of Section 3.03 of the Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility, as defined in the Agreement, any [1]one of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Project Preparation Advance:

For the purpose of delivering Applications to the World Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

⁵[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

¹ Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

² Instruction to the Recipient: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the World Bank.*

³ Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

⁴ Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

the World Bank by electronic means. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of SIDC"), the Recipient represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

Prof. Etienne Ehouan Ehile,
(Secretary General)

Specimen Signature:  _____

Maxwell Kofi Amo-Hoyte
(Director of Finance)

Specimen Signature:  _____

Yours truly,



Secretary General

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*

⁶ The letter should be signed by the official designated as the Recipient's Representative in the Advance Agreement.

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)⁷ will provide secure identification credentials (SIDC) to permit the Borrower⁸ to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

⁷ "Bank" includes IBRD and IDA.

⁸ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.
3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. *Security*

- 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
- 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
- 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

GUIDELINES

On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants

Dated October 15, 2006 and Revised in January 2011 and as of July 1, 2016

Purpose and General Principles

1. These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.
2. All persons and entities referred to in paragraph 1 above must observe the highest standard of ethics. Specifically, all such persons and entities must take all appropriate measures to prevent and combat Fraud and Corruption, and refrain from engaging in, Fraud and Corruption in connection with the use of the proceeds of the IBRD or IDA financing.

Legal Considerations

3. The Legal Agreement¹ providing for a Loan² governs the legal relationships between the Borrower³ and the Bank⁴ with respect to the particular project for which the

¹References in these Guidelines to “Legal Agreement” include any Loan Agreement providing for an IBRD loan or Financing Agreement providing for an IDA credit or grant, any Guarantee Agreement providing for a guarantee by the Member Country of such IBRD Loan, any agreement providing for a project preparation advance or Institutional Development Fund (IDF) Grant, Trust Fund Grant or Loan Agreement providing for a recipient-executed trust fund grant or loan in cases where these Guidelines are made applicable to such agreement, and any Project Agreement with a Project Implementing Entity related to any of the above.

²References to “Loan” or “Loans” include IBRD IPF loans as well as IDA IPF credits and grants, project preparation advances, IDF grants and recipient-executed trust fund grants or loans for projects to which these Guidelines are made applicable under the agreement providing for such grant and/or loan. These Guidelines do not apply to (i) Program for Results (PforR) financing or (ii) Development Policy Operations (DPOs), unless the Bank agrees with the Borrower on specified purposes for which Loan proceeds may be used, or (iii) IBRD/IDA guarantee operations.

³References in these Guidelines to the “Borrower” include the borrower of an IBRD loan or the recipient of an IDA credit or grant or of a trust fund grant or loan. In some cases, an IBRD Loan may be made to an entity other than the Member Country. In such cases, references in these Guidelines to “Borrower” include the Member Country as Guarantor of the Loan, unless the context requires otherwise. In some cases, the project, or a part of the project, is carried out by a Project Implementing Entity with which the Bank has entered into a Project Agreement. In such cases, references in these Guidelines to the “Borrower” include the Project Implementing Entity, as defined in the Legal Agreement.

⁴References in these Guidelines to the “Bank” include both IBRD and IDA, whether acting in their own capacity or as administrator of trust funds financed by other donors.

Loan is made. The responsibility for the implementation of the project⁵ under the Legal Agreement, including the use of Loan proceeds, rests with the Borrower. The Bank, for its part, has a fiduciary duty under its Articles of Agreement to “make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.”⁶ These Guidelines constitute an important element of those arrangements and are made applicable to the preparation and implementation of the project as provided in the Legal Agreement.

Scope of Application

4. The following provisions of these Guidelines cover Fraud and Corruption that may occur in connection with the use of Loan proceeds during the preparation and implementation of a project financed, in whole or in part, by the Bank. These Guidelines cover Fraud and Corruption in the direct diversion of Loan proceeds for ineligible expenditures, as well as Fraud and Corruption engaged in for the purpose of influencing any decision as to the use of Loan proceeds. All such Fraud and Corruption is deemed, for purposes of these Guidelines, to occur in connection with the use of Loan proceeds.

5. These Guidelines apply to the Borrower and all other persons or entities which either receive Loan proceeds for their own use (e.g., “end users”), persons or entities such as fiscal agents which are responsible for the deposit or transfer of Loan proceeds (whether or not they are beneficiaries of such proceeds), and persons or entities which take or influence decisions regarding the use of Loan proceeds. All such persons and entities are referred to in these Guidelines as “recipients of Loan proceeds”, whether or not they are in physical possession of such proceeds.⁷

6. These Guidelines apply to the procurement of goods, works, non-consulting services and consulting services financed (in whole or in part) out of the proceeds of a Loan from the Bank. Additional specific requirements relating to Fraud and Corruption in connection with such procurement are set out in Annex IV of the World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016, as the same may be amended from time to time.

⁵References in these Guidelines to the “project” means the Project as defined in the Legal Agreement.

⁶ IBRD’s Articles of Agreement, Article III, Section 5(b); IDA’s Articles of Agreement, Article V, Section 1(g).

⁷ Certain persons or entities may fall under more than one category identified in paragraph 5 of these Guidelines. A financial intermediary, for example, may receive payment for its services, will transfer funds to end users and will make or influence decisions regarding the use of Loan proceeds.

Definitions of Practices Constituting Fraud and Corruption

7. These Guidelines address the following defined sanctionable practices when engaged in by recipients of Loan proceeds in connection with the use of such proceeds:⁸

- a) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.⁹
- b) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly¹⁰ misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- c) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- d) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- e) An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s contractual rights of audit or access to information.¹¹

8. The above practices, as so defined, are referred to collectively and individually in these Guidelines as “Fraud and Corruption”.

Borrower Actions to Prevent and Combat Fraud and Corruption in connection with the Use of Loan Proceeds

9. In furtherance of the above-stated purpose and general principles, the Borrower will:

⁸ Unless otherwise specified in the Legal Agreement, whenever these terms are used in the Legal Agreement, including in the applicable General Conditions, they have the meanings set out in paragraph 7 of these Guidelines.

⁹ Typical examples of corrupt practice include bribery and “kickbacks”.

¹⁰ To act “knowingly or recklessly”, the fraudulent actor must either know that the information or impression being conveyed is false, or be recklessly indifferent as to whether it is true or false. Mere inaccuracy in such information or impression, committed through simple negligence, is not enough to constitute fraudulent practice.

¹¹ Such rights include those provided for, *inter alia*, in paragraph 9(d) of these Guidelines.

- (a) take all appropriate measures to prevent Fraud and Corruption in connection with the use of Loan proceeds, including (but not limited to) (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all of its representatives¹² involved with the project, and all recipients of Loan proceeds with which it enters into an agreement related to the Project, receive a copy of these Guidelines and are made aware of its contents;
- (b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- (c) if the Bank determines that any person or entity referred to in (a) above has engaged in Fraud and Corruption in connection with the use of Loan proceeds, take timely and appropriate action, satisfactory to the Bank, to address such practices when they occur;
- (d) include such provisions in its agreements with each recipient of Loan proceeds as the Bank may require to give full effect to these Guidelines, including (but not limited to) provisions (i) requiring such recipient to abide by paragraph 10 below; (ii) requiring such recipient to permit the Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the Bank; (iii) providing for the early termination or suspension by the Borrower of the agreement if such recipient is declared ineligible by the Bank under paragraph 11 below; and (iv) requiring restitution by such recipient of any amount of the loan with respect to which Fraud and Corruption has occurred;
- (e) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds; and
- (f) in the event that the Bank declares any recipient of Loan proceeds ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising the Borrower's right to terminate early or suspend the agreement between the Borrower and such recipient and/or (ii) seeking restitution.

Other Recipients of Loan Proceeds

10. In furtherance of the above-stated purpose and general principles, each recipient of Loan proceeds which enters into an agreement with the Borrower (or with another recipient of Loan proceeds) relating to the Project will:

- (a) carry out its project-related activities in accordance with the above-stated

¹² References in these Guidelines to "representatives" of an entity also include its officials, officers, employees and agents.

general principles and the provisions of its agreement with the Borrower referred to in paragraph 9(d) above; and include similar provisions in any agreements related to the project into which it may enter with other recipients of Loan proceeds;

(b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;

(c) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds;

(d) take all appropriate measures to prevent Fraud and Corruption by its representatives (if any) in connection with the use of Loan proceeds, including (but not limited to): (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all its representatives receive a copy of these Guidelines and are made aware of its contents;

(e) in the event that any representative of such recipient is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the project or, when requested by the Bank or otherwise appropriate, terminating its contractual relationship with such representative; and

(f) in the event that it has entered into a project-related agreement with another person or entity which is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising its right to terminate early or suspend such agreement, and/or (ii) seeking restitution.

Actions by the Bank in Cases of Fraud and Corruption

11. In furtherance of the above-stated purpose and general principles, the Bank has the right to sanction, in accordance with prevailing World Bank Group sanctions policies and procedures, any individual or entity¹³ other than the Member Country¹⁴, including (but not limited to) declaring such individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from

¹³ As in the case for bidders in the procurement context, the Bank may also sanction individuals and entities which engage in Fraud or Corruption in the course of applying to become a recipient of Loan proceeds (e.g., a bank which provides false documentation so as to qualify as a financial intermediary in a Bank-financed project) irrespective of whether they are successful.

¹⁴ For purposes of these Guidelines, "Member Country" includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to compete for and be awarded Bank-financed contracts in accordance with paragraph 3.22 of the World Bank Procurement Regulations for IPF Borrowers.

a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank,

- (a) if at any time the Bank determines¹⁵ that such individual or entity has engaged in Fraud and Corruption in connection with the use of Loan proceeds;¹⁶
- (b) if another financier with which the World Bank Group has entered into an agreement for the mutual enforcement of debarment decisions¹⁷ has declared such individual or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the individual or entity has engaged in Fraud and Corruption in connection with the use of the proceeds of a financing made by such financier; or
- (c) if the World Bank Group has found the individual or entity to be a non-responsible vendor on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

Miscellaneous

12. The provisions of these Guidelines do not limit any other rights, remedies¹⁸ or obligations of the Bank or the Borrower under the Legal Agreement or any other document to which the Bank and the Borrower are both parties.

¹⁵ The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank.

The sanction may, without limitation, also include restitution of any amount of the Loan with respect to which Fraud and Corruption has occurred. The World Bank Group may publish the identity of any individual or entity declared ineligible under paragraph 11 of these Guidelines.

¹⁷ Also sometimes referred to as “cross-debarment.”

¹⁸ The Legal Agreement provides the Bank with certain rights and remedies which it may exercise with respect to the Loan in the event of Fraud and Corruption in connection with the use of Loan proceeds, in the circumstances described therein.

Standard Conditions

for

Advances Made by

the World Bank

under its Project Preparation Facility

Dated July 31, 2010

ARTICLE I

Introductory Provisions

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

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

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

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

ARTICLE II

Execution of the Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) if so requested by the World Bank:

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

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

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

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

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

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

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

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

- (iii) the audited Financial Statements are made publicly available in a timely fashion and in a manner acceptable to the World Bank.

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

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

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

Section 2.11. *Visits*

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

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

Section 2.12. *Disputed Area*. In the event that the Activities are in an area which is or becomes disputed, neither the World Bank's financing of the Activities, nor any designation of or reference to such area in the Legal Agreements, is intended to constitute a judgment on the part of the World Bank as to the legal or other status of such area or to prejudice the determination of any claims with respect to such area.

ARTICLE III
Withdrawal of Advance Proceeds

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

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

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

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

Section 3.03. *Applications; Supporting Evidence*

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

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

the World Bank has permitted any withdrawal requested in the Application (“Supporting Evidence”).

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

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

Section 3.04. *Designated Accounts*

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

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

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

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

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

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

Section 3.06. *Financing Taxes*

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

of the Advance specified in the Advance Agreement, as required to ensure consistency with such limitation on withdrawals.

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

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

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

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

ARTICLE IV Terms of the Advance

Section 4.01. *Service Charge or Interest.*

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

(b) If the Recipient is required to pay interest on the Withdrawn Advance Balance, then: (i) whenever, in light of changes in market practice affecting the determination of the interest rate applicable to such amount, the World Bank determines that it is in the interest of its borrowers as a whole and of the World Bank to apply a basis for determining such interest rate other than as provided in the Advance Agreement and these Standard Conditions, the World Bank may modify the basis for determining such interest rate upon not less than three months' notice to the Recipient of the new basis. The new basis shall become effective on the expiry of the notice period unless the Recipient notifies the World Bank during such period of its objection to such modification, in which case the modification shall not apply to such amount of the Advance; and (ii) if the World Bank determines that the Reference Rate has permanently ceased to be quoted, the World Bank shall apply such other comparable reference rate for Dollars as it may reasonably determine. The World Bank shall promptly notify the Recipient of such other rate.

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

Section 4.03. *Partial Payment .* If the World Bank at any time receives less than the full amount of any Advance Payment then due, it shall have the right to allocate and apply the amount so

received in any manner and for such purposes under the Advance Agreement as it determines in its sole discretion.

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

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

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

Section 4.07. *Manner of Payment*

(a) Any Advance Payment required to be paid to the World Bank the Currency of a country shall be paid in such manner, and in Currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such Currency to the account of the World Bank with a depository of the World Bank authorized to accept deposits in such Currency.

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

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

ARTICLE V

Financial and Economic Data; IBRD Negative Pledge

Section 5.01. *Financial and Economic Data.* The Recipient shall furnish to the World Bank all such information as the World Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its External Debt as well as that of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, and of any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.

Section 5.02. *Negative Pledge*

(a) It is the policy of IBRD, in making loans (including advances) to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other External Debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any Lien is created on any Public Assets as security for any

External Debt, which will or might result in a priority for the benefit of the creditor of such External Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless IBRD shall otherwise agree, *ipso facto* and at no cost to IBRD, equally and ratably secure all Advance Payments, and the member country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any of its political or administrative subdivisions, the member country shall promptly and at no cost to IBRD secure all Advance Payments by an equivalent Lien on other Public Assets satisfactory to IBRD.

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

ARTICLE VI

Cancellation; Suspension; Acceleration; Refund

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

Section 6.02. *Suspension by the World Bank.* If any of the events specified in paragraphs (a) through (l) of this Section occurs and is continuing, the World Bank may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Advance Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the World Bank has notified the Recipient that such right to make withdrawals has been restored.

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

(b) *Performance Failure*

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

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

(c) *Fraud and Corruption.* At any time, the World Bank determines that any representative of the Recipient or the Implementing Entity, or any other recipient of any of the proceeds of the Advance has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Advance, without the Recipient or the

Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(d) *Cross Suspension*

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

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

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

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

(g) *Assignment of Obligations; Disposition of Assets.* The Recipient or the Implementing Entity (or any other entity responsible for implementing any part of the Activities), has, without the consent of the World Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Legal Agreements; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Advance; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the World Bank: (A) do not materially and adversely affect the ability of the Recipient or of the Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Legal Agreements or to achieve the objectives of the Activities; and (B) do not materially and adversely affect the financial condition or operation of the Implementing Entity (or such other entity).

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

(i) *Condition of Implementing Entity*

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

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

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

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

(k) *Project or Program Withdrawal*

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

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

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

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

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

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

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

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

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

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

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

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

(a) *Payment Default.* A default has occurred in the payment by the Recipient of any amount due to the IBRD or IDA: (i) under any agreement between the Recipient and IBRD or between the Recipient and IDA (including the Advance Agreement); or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IBRD or IDA to any third party with the agreement of the Recipient; and such default continues in each case for a period of thirty days.

(b) *Performance Default*

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

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

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

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

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

Section 6.07. *Refund*

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

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

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

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

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

ARTICLE VII

Enforceability; Arbitration

Section 7.01. *Enforceability.* The rights and obligations of the Recipient and the World Bank under the Legal Agreements shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the World Bank shall be entitled in any proceeding under this Article to assert any claim that any provision of these Standard Conditions or of the Legal Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of IBRD or IDA, as the case may be.

Section 7.02. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under any Legal Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 7.03. *Arbitration*

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

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

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the World Bank; (ii) a second arbitrator shall be appointed by the Recipient; and (iii) the third arbitrator (“Umpire”) shall be appointed by agreement of the parties or, if they do not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either party fails to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section resigns, dies or becomes unable to act, a successor arbitrator shall be appointed in the same manner as prescribed in this Section for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

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

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

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

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

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of the Arbitral Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Advance Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as are required for the conduct of the arbitration proceedings. If the parties do not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and

borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

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

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

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

ARTICLE VIII

Effectiveness; Termination

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

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

ARTICLE IX

Miscellaneous Provisions

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

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

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

Agreement, and execute any documents required or permitted to be executed pursuant to such Legal Agreement on behalf of the Recipient (or the Implementing Entity, as the case may be).

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

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

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

Section 9.05. *Disclosure.* The World Bank may disclose the Legal Agreements and any information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

APPENDIX
Definitions

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

that the first such Default Interest Period shall commence on the 31st day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.

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

- with more than one such entity, “Implementing Entity” refers separately to each such entity.
27. “Implementing Entity’s Address” means the Implementing Entity’s address specified in the Implementation Agreement for the purpose of Section 9.01.
 28. “Implementing Entity’s Representative” means the Implementing Entity’s representative specified in the Implementation Agreement for the purpose of Section 9.02 (a).
 29. “Interest Period” means, for an Advance made by IBRD, the initial period from and including the date of signature of the Advance Agreement by the World Bank to but excluding the first Interest Period Determination Date occurring thereafter, and after the initial period, each period from and including an Interest Period Determination Date to but excluding the next following Interest Period Determination Date; provided, however, that if, pursuant to the Advance Agreement, the Advance is to be repaid in installments, then the last Interest Period commencing prior to the Notice Date shall terminate one day prior to the Notice Date, and from the Notice Date, “Interest Period” shall mean the initial period from and including the Notice Date to but excluding the first Payment Date, and after such initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
 30. “Interest Period Determination Date” means each date specified in the Advance Agreement for the purpose of determining Interest Periods prior to the Notice Date, occurring on or after the date of signature by IBRD of the Advance Agreement.
 31. “Legal Agreement” means the Advance Agreement or the Implementation Agreement. “Legal Agreements” means collectively, all of such agreements.
 32. “Lien” includes mortgages, pledges, charges, privileges and priorities of any kind.
 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. “London Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign Currency deposits) in London.
 35. “Notice Date” means, in the event the Aggregate Balance is to be paid in several installments, the date on which the World Bank dispatches the notice to the Recipient of the Aggregate Balance and the Payment Dates.
 36. “Payment Currency” means the Currency specified in the Advance Agreement in which Advance Payments are to be paid pursuant to Section 3.04 (a).
 37. “Payment Date” means, in the event the Aggregate Balance is to be paid in several installments, each date specified by IBRD in the notice it sends to the Recipient on the Notice Date as a date on which amounts of principal of and interest on the Aggregate Balance are payable.

38. “Program” means the proposed program for the preparation of which the World Bank has made the Advance and in support of which the Recipient has requested or intends to request the World Bank’s financial assistance.
39. “Project” means the proposed project for the preparation of which the World Bank has made the Advance and for the carrying out of which the Recipient has requested or intends to request the World Bank’s financial assistance.
40. “Public Asset” means assets of the Recipient, of any of its political or administrative subdivisions and of any entity owned or controlled by, or operating for the account or benefit of, the Recipient or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Recipient.
41. “Recipient” means the member of the World Bank which is a party to the Advance Agreement and to which the Advance is extended.
42. “Recipient’s Address” means the Recipient’s address specified in the Advance Agreement for the purpose of Section 9.01.
43. “Recipient’s Representative” means the representative of the Recipient specified in the Advance Agreement for the purpose of Section 9.02.
44. “Reference Rate” means, for any Interest Period:
- (a) USD-LIBOR. If such rate does not appear on the Relevant Rate Page, the World Bank shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in Dollars to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the World Bank) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the World Bank) of the rates quoted by four major banks selected by the World Bank in New York City, at approximately 11:00 a.m. in New York City, on the Reference Rate Reset Date for the Interest Period for loans in Dollars to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for the Interest Period shall be equal to the respective Reference Rate in effect for the Interest Period immediately preceding it; and
 - (b) if the World Bank determines that USD-LIBOR has permanently ceased to be quoted, such other comparable reference rate for Dollars as the World Bank shall determine pursuant to Section 4.01 (b)(ii).
45. “Reference Rate Reset Date” means the day two London Banking Days prior to the first day of the relevant Interest Period or, in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which the Advance Agreement is signed, whichever day immediately precedes the date of the Advance Agreement; provided that if the date of the Advance Agreement falls on the first

- or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of the Advance Agreement.
46. “Refinancing Agreement” means the loan or financing agreement to be entered into by the World Bank, the terms of which provide for the refinancing of the Withdrawn Advance Balance out of the proceeds of the loan or financing provided under such agreement.
 47. “Refinancing Date” means the date specified in the Advance Agreement (or such later date as the World Bank shall establish by notice to the Recipient) after which the World Bank shall determine, in accordance with the provisions of the Advance Agreement, whether the Aggregate Advance Balance shall be refinanced out of the proceeds of the Refinancing Agreement or whether the Recipient shall be required to repay the Aggregate Advance Balance. The Refinancing Date is also the date after which the World Bank may terminate the right of the Recipient to withdraw from the Advance Account.
 48. “Refinancing Proceeds” means the proceeds of the loan or financing made under the Refinancing Agreement to be used to repay the Advance.
 49. “Relevant Rate Page” means the display page designated by an established financial market data provider selected by the World Bank as the page for the purpose of displaying the Reference Rate for deposits in Dollars.
 50. “Respective Part of the Activities” means, for the Recipient and for any Implementing Entity, the part of the Activities specified in the Legal Agreements to be carried out by it.
 51. “Special Commitment” means any special commitment entered into or to be entered into by the World Bank pursuant to Section 3.02.
 52. “Supporting Evidence” means the evidence and documents to be furnished to the World Bank in accordance with Section 3.03 in connection with an Application.
 53. “Taxes” includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Advance Agreement or imposed after that date.
 54. “Umpire” means the third arbitrator appointed pursuant to Section 7.03 (c).
 55. “Unwithdrawn Advance Balance” means the amount of the Advance remaining unwithdrawn from the Advance Account from time to time.
 56. “USD-LIBOR” means, for any Interest Period, the London interbank offered rate for deposits in Dollars for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
 57. “Withdrawn Advance Balance” means the amounts of the Advance withdrawn from the Advance Account and outstanding from time to time.
 58. “World Bank” means: (a) IBRD if the Advance is made by IBRD; or (b) IDA if the Advance is made by IDA.

59. “World Bank’s Address” means the World Bank’s address specified in the Legal Agreements for the purpose of Section 9.01.



Disbursement Guidelines for

Investment Project Financing

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1. Purpose

1.1 The purpose of the Disbursement Guidelines for Investment Project Financing (the guidelines) is to set out the World Bank's procedures and requirements for disbursement of funds in projects.¹ Specifically, the guidelines set out (a) the different arrangements used by the World Bank to disburse funds from the Financing Account², (b) the requirements for withdrawal from the Financing Account, (c) the types of supporting documentation that the borrower may be required to provide to demonstrate the use of funds of the Financing Account for eligible expenditures, (d) the criteria for establishing Designated Accounts³, (e) the terms and conditions applicable to advances, (f) the types of disbursement-related actions that the World Bank may take if it determines that funds of the Financing Account are not needed or have been used for ineligible purposes, and (g) the disbursement consequence of refunds.

2. Disbursement Methods

2.1 The World Bank establishes disbursement arrangements for a project in consultation with the borrower, taking into consideration, among other things, an assessment of the borrower's financial management and procurement arrangements, the cash flow needs of the project, and its disbursement experience with the borrower. Those arrangements are stated in the Financing Agreement⁴ and additional information is provided in the Disbursement Letter.⁵

2.2 The World Bank disburses funds from the Financing Account established for each loan, to or on the order of the borrower, using one or more of the following disbursement methods, as determined by the World Bank.

¹ In this document the *World Bank* includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), whether acting on its own account or in the capacity as administrator of trust funds funded by donors.

Financing or Bank loan includes any loan, credit, or grant made by the World Bank from its own resources, from trust funds funded by other donors and administered by the World Bank, or from a combination of these.

Borrower means a borrower or recipient of a Bank loan for a project and any other entity involved in the implementation of the project financed by the Bank loan.

These guidelines apply to all Bank loans for an Investment Project Financing. They do not apply to Program-For-Results Financing and Development Policy Financing or for grants made by the World Bank from trust funds funded by other donors and administered by the World Bank, when, exceptionally, the terms of the agreement with the donor provide for different requirements . .

² The Financing Account refers to the account opened by the World Bank in its accounting system in the name of the borrower to which the amount of the financing is credited.

³ A *Designated Account* is a bank account into which the World Bank may deposit amounts withdrawn from the Financing Account to pay for eligible expenditures as they are incurred.

⁴ The *Financing Agreement* is the agreement between the World Bank and the Borrower providing for the Bank loan.

⁵ The Disbursement Letter contains additional instructions describing the disbursement arrangements for withdrawing proceeds from the Financing Account under a particular investment project.

- (a) **Reimbursement:** The World Bank may reimburse the borrower for expenditures eligible for financing pursuant to the Financing Agreement (eligible expenditures) that the borrower has prefinanced from its own resources.
- (b) **Advance:** The World Bank may advance funds from the Financing Account into a Designated Account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date (see section 5, Designated Accounts).
- (c) **Direct Payment:** The World Bank may make payments, at the borrower's request, directly to a third party (for example, supplier, contractor, or consultant) for eligible expenditures.
- (d) **Special Commitment:** The World Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the borrower's request and on terms and conditions agreed between the World Bank and the borrower.

3. Withdrawal of Funds from the Financing Account

3.1 **Authorized Signatures.** Before funds from the Financing Account may be withdrawn or committed, the authorized representative of the borrower (as designated in the Financing Agreement) must furnish to the World Bank, electronically through the Client Connection website (<http://clientconnection.worldbank.org>), or through an authorized signatory designation letter, the name(s) of the official(s) authorized (a) to sign and submit applications for withdrawal and applications for a special commitment (collectively, Applications), and (b) to receive Secure Identification Credentials (SIDC) from the World Bank. The borrower must notify the World Bank of any changes in signature authority, either electronically in Client Connection or through an updated authorized signatory designation letter.

3.2 **Terms and Conditions of Use of Secure Identification Credentials (SIDC) to Process Applications.** By designating officials to use SIDC and by choosing to submit the applications electronically, the borrower confirms its agreement to abide by the terms and conditions of use of SIDC.⁶

3.3 **Applications.** Applications must be provided to the World Bank in such form as is required to access funds from the Financing Account and must include such information as the World Bank may reasonably request.

3.4 Applications and necessary supporting documents (see section 4 Supporting Documentation Requirements) should be submitted to the World Bank electronically, in a

⁶ Terms and conditions of use of SIDC are provided in the Disbursement Letter.

manner and on terms and conditions specified by the World Bank, through the Client Connection website at <http://clientconnection.worldbank.org>. The World Bank may, at its discretion, temporarily or permanently, disallow the electronic submission of applications by the borrower. The World Bank may permit the borrower to complete and submit applications manually in paper form. Paper applications forms can be found in the Client Connection website at <http://clientconnection.worldbank.org> or may be obtained from the World Bank upon request.

3.5 ***Minimum Value of Applications.*** The World Bank establishes a minimum value for applications for reimbursement, direct payment, and special commitment. The World Bank reserves the right not to accept applications that are below such minimum value.

3.6 ***Loan Disbursing Period.*** The World Bank processes Applications only after the Financing Agreement has been declared effective in accordance with the terms of the Financing Agreement. The expenditures for which the Applications are made must be:

- (a) ***Paid*** for on or after the date of the Financing Agreement, or alternatively, in the case of projects that permit retroactive financing, on or after the earlier date specified in the Financing Agreement for that purpose; and
- (b) ***Incurred*** on or before the closing date specified or referred to in the Financing Agreement (the Closing Date), except as otherwise specifically agreed with the World Bank.

3.7 The loan disbursing period ends on the final date established by the World Bank for receipt by the World Bank of applications for withdrawal and supporting documentation (the Disbursement Deadline Date). The Disbursement Deadline Date may be the same as the Closing Date, or up to four months after the Closing Date. To support orderly project completion and closure of the Financing Account, the World Bank does not accept applications for withdrawal or supporting documentation received after the Disbursement Deadline Date. The borrower must promptly inform the World Bank of any expected implementation delays or exceptional administrative issues before those dates. The World Bank notifies the borrower of any exception that the World Bank may make to the Disbursement Deadline Date.

3.8 ***Disbursement Conditions.*** If the Financing Agreement contains a disbursement condition for a specific expenditure category, the World Bank will disburse funds from the Financing Account for that category only after the disbursement condition has been fulfilled and the World Bank has notified the borrower to that effect.

4. Supporting Documentation Requirements

4.1 The borrower provides supporting documentation to the World Bank to show that funds from the Financing Account have been or are being used to finance eligible expenditures.

4.2 For special commitments, the commercial bank provides its confirmation directly to the World Bank that conditions for the release of payments committed for withdrawal have been met.

4.3 ***Types of Supporting Documentation.*** The World Bank requires either copies of the original documents evidencing eligible expenditures (Records) or summary reports of expenditure (Summary Reports) in such form and substance as the World Bank may specify. Records include such documents as invoices and receipts. A Summary Report may be either (a) the interim unaudited financial report required under the Financing Agreement (Interim Financial Report) or (b) a statement of expenditure summarizing eligible expenditures paid during a stated period (Statement of Expenditure). In all cases, the borrower is responsible for retaining the original documents evidencing eligible expenditures and making them available for audit or inspection.

4.4 The World Bank determines the types of supporting documentation that the borrower must provide, taking into consideration the disbursement method used. The supporting documentation may be the following:

- (a) ***For applications for Reimbursement:*** (i) Interim Financial Reports, (ii) Statements of Expenditure, or (iii) Records
- (b) ***For reporting on the use of Advances:*** (i) Interim Financial Reports, (ii) Statements of Expenditure, or (iii) Records
- (c) ***For applications for Direct Payments:*** (i) Records such as copies of supplier invoices; (ii) a bank guarantee for advance or retention payment
- (d) ***For applications for Special Commitment:*** Copy of the Letter of Credit (with valid expiry date) that the commercial bank, known as the opening bank, has issued. For payment, a SWIFT (Society for Worldwide Interbank Telecommunication) message must be sent by the commercial bank; and
- (e) Any other supporting documentation that the World Bank may request by notice to the borrower or as specified in the Disbursement Letter.

4.5 ***Failure to Provide Audited Financial Statements.*** If the borrower fails to provide any of the audited financial statements required in accordance with, and within the period of time specified in, the Financing Agreement, the World Bank may, at its discretion, decide not to accept applications for withdrawal supported by Summary Reports, even if such reports are accompanied by Records.

5. Designated Accounts

5.1 The borrower may open one or more designated accounts into which the World Bank may, at the borrower's request, deposit amounts withdrawn from the Financing Account for the purpose of paying for eligible expenditures as they are incurred. Before the World Bank authorizes establishment of a Designated Account, the borrower must have adequate administrative capability, internal controls, and accounting and auditing procedures to ensure effective use of the Designated Account.

5.2 The World Bank may decide not to permit the use of Designated Accounts in new projects if the borrower has failed to refund undocumented advances in the Designated Account of any other loan to, or guaranteed by, the borrower within two months after the Disbursement Deadline Date for that loan.

5.3 ***Type of Designated Account.*** A Designated Account may be established in one of two ways – as a segregated account or pooled account as appropriate for the project concerned, and as determined and notified by the World Bank.

- (a) ***Segregated Account:*** An account of the borrower into which only proceeds of the Financing Account may be deposited;
- (b) ***Pooled Account:*** An account of the borrower into which the funds from the Financing Account and funds of other financing for the project (such as borrower resources or financing by other development partners) may be deposited.

5.4 ***Currency of the Designated Account.*** Designated Accounts must be in a currency acceptable to the World Bank. In countries that have a freely convertible currency, Designated Accounts may be held in the currency of the borrower or any freely convertible currency. The World Bank may also agree to local currency Designated Accounts when, among other things, the country's currency (even if not freely convertible) is stable and the expenditures to be financed are primarily in local currency. The borrower bears all risks associated with foreign exchange fluctuations between (a) the currency of denomination of the loan and that of the borrower's Designated Account, and (b) the currency of denomination of the borrower's Designated Account and the currency or currencies of project expenditures.

5.5 ***Financial Institution.*** Designated Accounts must be opened and maintained in a financial institution⁷ selected by the borrower and acceptable to the World Bank. A financial institution is acceptable if it meets all the following requirements:

- (a) It is financially sound;
- (b) It is in good standing
- (c) It is authorized to maintain the Designated Account in the currency agreed between the World Bank and the borrower;
- (d) It is audited regularly, and receive satisfactory audit reports;

⁷ A financial institution may be the country's central bank, a local development bank or a commercial bank.

- (e) It can execute a large number of transactions promptly;
- (f) It can satisfactorily perform a wide range of banking services
- (g) It can provide a detailed statement of the Designated Account;
- (h) It is part of a satisfactory correspondent banking network;
- (i) It charges reasonable fees for its services.

5.6 The World Bank reserves the right not to transfer funds to a financial institution if that institution has asserted or asserts a claim to set off, seize, or attach the proceeds of any Bank loan on deposit in a Designated Account maintained by the institution.

6. Terms and Conditions Applicable to Advances

6.1 ***Ceiling.*** The World Bank notifies the borrower of the maximum amount of funds from the Financing Account that may be on deposit in a Designated Account (the Ceiling). The World Bank, at its discretion, may establish the Ceiling as either (a) a fixed amount, or (b) an amount that is adjusted from time to time during project implementation on the basis of periodic forecasts of project cash flow needs.

6.2 ***Applications for Advances.*** The borrower may apply for an advance in an amount up to the Ceiling less the aggregate amount of those advances previously received by the borrower for which the borrower has not yet provided supporting documentation. Normally, to support orderly closure of the Financing Account, the World Bank does not advance funds from the Financing Account into the Designated Account after the Closing Date.

6.3 ***Frequency of Reporting Eligible Expenditures Paid from the Designated Account.*** The borrower reports on the use of funds from the Financing Account advanced to the Designated Account at intervals specified by the World Bank by notice to the borrower. The borrower must ensure that all amounts deposited into the Designated Account are accounted for and that their use is reported prior to the Disbursement Deadline Date. After that date, the borrower must refund to the World Bank any advances still unaccounted for or remaining in the Designated Account.

6.4 ***Withholding Advances.*** The World Bank is not required to make any deposit into the Designated Account if any of the following conditions apply:

- (a) The World Bank determines that payment of the deposit would result in exceeding the Ceiling (see subsection 6.2, Applications for Advances);
- (b) The World Bank is not satisfied that the borrower's planned project expenditures justify the deposit. The World Bank may adjust the amount it deposits or withhold further deposits into the Designated Account until it is satisfied that the financial needs of the project warrant further deposits;

- (c) The borrower fails to take the action required pursuant to the determinations made by the World Bank under subsections 7.1 and 7.2 of these guidelines;
- (d) The borrower fails to provide any of the audited financial statements required in accordance with, and within the period of time specified in, the Financing Agreement;
- (e) The World Bank determines that all further withdrawals of funds from the Financing Account should be made by the borrower directly from the Financing Account; or
- (f) The World Bank has notified the borrower of its intention to suspend in whole or in part the borrower's right to make withdrawals from the Financing Account.

6.5 ***Excess Advances.*** If at any time the World Bank determines that any amount deposited in the Designated Account will not be required to cover further payments for eligible expenditures (the Excess Amount), it may, at its discretion, require the borrower to take one of the following two disbursement-related actions:

- (a) Provide evidence satisfactory to the World Bank within a period specified by the World Bank that the Excess Amount will be used to pay for eligible expenditures. If the evidence is not furnished within the time period specified, the borrower must promptly refund the Excess Amount to the World Bank; or
- (b) Refund the Excess Amount promptly.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

7. Ineligible Expenditures

7.1 ***Ineligible Expenditures Generally.*** If the World Bank determines that any amount of the funds from the Financing Account was used to pay for an expenditure that is not eligible pursuant to the Financing Agreement (an ineligible expenditure), the World Bank may, at its discretion, require the borrower to take one of the following two disbursement-related actions, without prejudice to the Bank's right to exercise remedies under the General Conditions⁸ or Standard Conditions⁹ and Financing Agreement.

- (a) Refund an equivalent amount to the World Bank
- (b) Exceptionally, provide substitute documentation evidencing other eligible expenditures.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

⁸ The *General Conditions* set forth certain terms and conditions generally applicable to IBRD loans and IDA credits and grants.

⁹ The *Standard Conditions* set forth certain terms and conditions that are generally applicable to trust funds and advances made by the Bank under the Project Preparation Facility.

7.2 ***Ineligible Expenditures Paid from the Designated Account.*** If the World Bank determines that any payment out of the Designated Account was not justified by the evidence furnished to the World Bank or was made for an ineligible expenditure, the World Bank may, at its discretion, require the borrower to take one of the following actions.

- (a) Provide the additional evidence requested by the World Bank
- (b) Deposit an equivalent amount into the Designated Account
- (c) Refund an equivalent amount to the World Bank
- (d) Exceptionally, provide substitute documentation evidencing other eligible expenditures.

The borrower must perform the action requested promptly after receiving notification from the World Bank that it must do so.

8. Refunds

8.1 ***Borrower Decision to Refund.*** The borrower may, upon notice to the World Bank, refund all or any amount of the loan on deposit in the Designated Account to the World Bank for credit to the Financing Account.

8.2 ***Consequence of Refunds.*** The World Bank shall determine whether refunds made to the World Bank in accordance with sections 6 and 7 and subsection 8.1 of these guidelines will be credited to the Financing Account. Refunds of funds into the Financing Account may result in (a) swap termination fees (b) unwinding costs for amounts for which the interest rate basis or currency has been converted or hedged, (c) both.

8.3 ***Other Rights and Obligations Unaffected by Refunds.*** Refunds of loan amounts do not affect other legal rights and obligations of the parties under the Financing Agreement.

