INDEMNITY AGREEMENT
(Cameroon – Nachtigal Hydropower Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated 12 December 2018
INDEMNITY AGREEMENT

INDEMNITY AGREEMENT (the “Agreement”), dated 12 December 2018 between REPUBLIC OF CAMEROON (the “Member Country”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”).

RECITALS:

(A) The Member Country and Nachtigal Hydro Power Company (the “Company”), entered into a concession agreement dated 20 April 2017 as amended on 23 October 2018 (the “Concession Agreement”) pursuant to which the Company is undertaking: (i) the development, design, engineering, procurement, manufacturing, financing, construction, permitting, testing, commissioning, completion, insurance, ownership, operation and maintenance of the Plant (as defined in the Concession Agreement) including the Generation Substation (as defined in the Concession Agreement), the owner’s housing estate and certain other ancillary transmission lines, works and equipment; and (ii) the development, design, engineering, procurement, manufacturing, financing, construction, permitting, testing, commissioning, completion and transfer of the Transmission Line (as defined in the Concession Agreement) (the “Project”);

(B) the Company has entered into a Power Purchase Agreement dated 2 November 2018 (“PPA”), pursuant to which the Company has agreed to sell to Energy of Cameroon S.A., (“ENEO”), and ENEO has agreed to purchase from the Company, the electricity generated by the Project on an available capacity basis;

(C) at the request of the Member Country pursuant to a Commitment Agreement (Convention d’Engagement), dated 2 November 2018 (the “Commitment Agreement”), between the Member Country, the Company, ENEO and Société Nationale de Transport de l’Électricité, (“SONATREL”), Société Générale (the “LC Bank”) will issue a letter of credit (the “Guaranteed LC”) in favour of the Company as security for (i) payment obligations of the Member Country under the State Guarantee (as defined in the Commitment Agreement) which in turn provides security for payment obligations of ENEO under the PPA and (ii) certain of its payment obligations under clause 3.3 (Procédure relative à un Événement de Compensation) of the Commitment Agreement;

(D) any payments made by the LC Bank to the Company pursuant to the Guaranteed LC are to be reimbursed by the Member Country to the LC Bank pursuant to a Reimbursement and Credit Agreement, dated 8 November 2018 (the “Reimbursement and Credit Agreement”), between the Member Country and the LC Bank;

(E) pursuant to a guarantee agreement, dated 8 November 2018 (the “Payment Guarantee Agreement”), between the Bank and the LC Bank, the Bank agrees to guarantee to the LC Bank the repayment of certain principal (and interest) amounts outstanding under the Reimbursement and Credit Agreement (the “Payment Guarantee”);

(F) pursuant to (i) that certain Common Terms Agreement dated 8 November 2018 (“CTA”) among the Company, Attijariwafa Bank, as local facility agent (the “Local Facility Agent”) and certain lenders; and (ii) a loan agreement dated 8 November 2018 (the “Local Loan Agreement”) between, amongst others, the Guaranteed Lenders (as defined in the Local Loan Agreement), the Company, the LC Bank and the Local Facility Agent, the Guaranteed Lenders propose to make loans in an
aggregate amount of up to XAF 112,168,647,000 (the “Local Loan”) to the Company to finance the Project;

(G) the Member Country, the Guaranteed Lenders and the Local Facility Agent, amongst others, have entered into a local loan purchase agreement (convention de cession de crédit local) dated 8 November 2018 (the “Local Loan Purchase Agreement”) pursuant to which the Member Country has agreed, on the terms and conditions set out therein, to make payment of purchase amounts to any Guaranteed Lender choosing not to extend the applicable final maturity date(s) of its Local Loan;

(H) the Local Facility Agent and the Bank have entered into a guarantee agreement, 8 November 2018 (the “Local Loan Guarantee Agreement”), pursuant to which the Bank has agreed, on the terms and conditions set forth therein, to guarantee to the Guaranteed Lenders the payment of certain interest and the repayment of the principal amount of the Local Loan that the Company fails to make as a result of the Member Country failing to pay compensation following certain termination events attributable to the Member Country under the Commitment Agreement (the “Local Loan Repayment Guarantee”) and (ii) to any Guaranteed Lender choosing not to extend the applicable final maturity date(s) of its Local Loan, the payment by the Member Country to such Guaranteed Lender of the relevant purchase amounts due under the Local Loan Purchase Agreement (the “Local Loan Purchase Price Guarantee” and, together with the Local Loan Repayment Guarantee, collectively, the “Local Loan Guarantee”);

(I) in consideration of the Bank agreeing to provide the Local Loan Guarantee and the Payment Guarantee (collectively, the “Guarantees”), the Member Country has agreed unconditionally and irrevocably to undertake the obligations to the Bank set forth in this Agreement.

The Member Country and the Bank therefore hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The provisions of the General Conditions (as defined in the Appendix to this Agreement) set forth in Section II of the Appendix to this Agreement (including the modifications set out therein) constitute an integral part of this Agreement.

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

Section 1.03. References in this Agreement to any document are references to such document as originally executed and, if amended, supplemented or replaced, to such document as amended, supplemented or replaced from time to time (provided that where consent is required to amend, supplement or replace, such consent has been obtained), and shall include any document that amends, supplements or replaces it. References in this Agreement to any party or any other person or entity includes its successors in title, permitted assigns and permitted transferees.

ARTICLE II

Indemnity by Member Country to the Bank; Opinion; Guarantee Fee

Section 2.01. In consideration of the Bank providing each Guarantee on the terms and conditions set out therein, the Member Country hereby irrevocably and unconditionally agrees:
(a) to reimburse the Bank immediately on demand or as the Bank may otherwise direct in
da writing for any amount paid by the Bank under any Guarantee Agreement:

(i) in the case of an amount paid under the Payment Guarantee Agreement, as provided
in Section 3.07 (Currency of Payment) of the General Conditions; and

(ii) in the case of an amount paid under the Loan Guarantee Agreement:

(A) if the amount was paid in XAF, in the Euro equivalent of such amount,
calculated in accordance with the daily exchange rate for the Euro against
the Central African CFA franc prevailing as of the date of the relevant
Demand Notice at the website of the Banque des Etats de l'Afrique Centrale
at www.beac.int or, if such rate is no longer available at such site, such
other site as IDA may designate; and

(B) if the amount was paid in Euros or Dollars, as provided in Section 3.07
(Currency of Payment) of the General Conditions;

in each case together with interest thereon at the rate per annum determined
by the Bank and notified to the
Member Country (which rate shall not exceed the Bank’s highest prevailing lending rate for loans with a
fixed spread denominated in the Loan Currency (or in Euro if the Loan Currency is XAF), as may be shown
from time to time on the Bank’s external website) from the date such payment is made by the Bank until
such amount is reimbursed in full;

(b) to indemnify the Bank on demand and hold the Bank harmless against all actions,
proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred
by the Bank directly or indirectly in relation to or arising out of or in connection with any Guarantee Agreement
(except as otherwise provided in Section 8.04(i) of the General Conditions);

(c) that the obligations of the Member Country under this Agreement will not be affected
by any act, omission, matter or thing which, but for this Section, would reduce, release or prejudice any of its
obligations under this Agreement; and

(d) in the event that the Bank receives funds from the Member Country pursuant to Section
2.01(a) and, in respect of the same amounts, the Bank receives a refund of funds from the LC Bank or the
Guaranteed Lenders, as the case may be, pursuant to any Guarantee Agreement or receives funds as a result
of the exercise of the Bank’s subrogation rights under any Guarantee Agreement (the “Double Payment”),
then the Bank shall promptly refund to the Member Country the amount of the Double Payment together
with any interest payments received pursuant to any Guarantee Agreement by the Bank from the LC Bank,
the Local Facility Agent or any Guaranteed Lender, as the case may be, in respect of such Double Payment.

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

Section 2.03. The Member Country shall furnish to the Bank an opinion or opinions satisfactory to the Bank
of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a
competent official of the Member Country, showing that this Agreement has been duly authorized or ratified
by, and executed and delivered on behalf of, the Member Country and is legally binding upon the Member
Country in accordance with its terms.
Project-Related Covenants

Section 3.01. The Member Country declares its commitment to the objectives of the Project and shall undertake the obligations with respect to the Project set forth in the Schedule to this Agreement.

ARTICLE IV

Remedies

Section 4.01. In addition to the other remedies available to the Bank under loan and guarantee agreements between the Bank and the Member Country, in the event that: (i) the Member Country has failed to perform any of its obligations under Article II, Article III or any other provision of this Agreement and such failure has continued and remained uncured in the opinion of the Bank for sixty (60) days or more after notice thereof shall have been given to the Member Country by the Bank; or (ii) any representation made by the Member Country in or pursuant to this Agreement, or any representation or statement furnished by the Member Country and intended to be relied on by the Bank in providing the Guarantees, shall in the opinion of the Bank have been incorrect in any material respect, then the Bank may suspend or cancel in whole or in part the Member Country’s right to make withdrawals under any financing (including any loan, grant or guarantee) made by the Bank to the Member Country or any financing (including any loan, grant or guarantee) made by the International Development Association to the Member Country, or declare the outstanding principal and interest of any such financing due and payable immediately.

ARTICLE V

Effective Date

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

ARTICLE VI

Representative; Addresses

Section 6.01. The Member Country’s Representative is its Minister of Economy, Planning and Regional Development.

Section 6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Member Country’s Address is:

Address: Minister of Economy, Planning and Regional Development
Yaoundé, Cameroun

Attention: The Honorable Minister

(b) the Member Country’s Electronic Address is:

E-mail: secretariat.cabinetminepat@yahoo.com

Section 6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank’s Address is:

Address: International Bank for Reconstruction and Development
Ref: Numbers G-2630 (payment guarantee) and G-2640 (loan guarantee)
Attention: Vice President, Africa Region

With a copy to: Practice Manager, Guarantees (Financial Structuring and PPPs, Infrastructure, PPPs and Guarantees)

With a copy to: Sector Director, Energy and Extractives Global Practice

(b) the Bank’s Electronic Address is:
Facsimile: +1 (202) 477-6391
Ref: Numbers G-2630 (payment guarantee) and G-2640 (loan guarantee)
Attention: Vice President, Africa Region

With a copy to: Practice Manager, Guarantees, Financial Structuring & PPPs
Facsimile: +1 (202) 522-3436

AGREED as of the day and year first above written.

REPUBLIC OF CAMEROON

By: [Signature]
Authorized Representative
Name (printed): [Name]
Title: [Title]

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Authorized Representative
Name (printed): [Name]
Title: [Title]
SCHEDULE

1. Without limitation or restriction upon any of its other obligations under this Agreement, the Member Country hereby unconditionally undertakes to the Bank to punctually perform all of its obligations under this Agreement and all other Transaction Documents to which it is a party and to take all lawful action within its power to cause, SONATREL and each other relevant Public Sector Entity to punctually perform all of its obligations under the Transaction Documents to which it is a party.

2. The Member Country shall notify the Bank prior to it, SONATREL or any Public Sector Entity agreeing to any material amendment, waiver, termination or other change to any Transaction Documents to which the Member Country, SONATREL or any other Public Sector Entity is a party, and shall obtain the written consent of the Bank prior to agreeing to any amendment, waiver, termination or other change to such agreement or undertaking which would or could in the opinion of the Bank materially and adversely affect the rights or obligations of the Bank under any Guarantee Agreement, the Project Agreement or the Indemnity Agreement (including any assignment, transfer, novation, abrogation, granting of security over or other disposition of any rights or obligations under such agreements).

3. The Member Country shall, and shall cause each Public Sector Entity to, (a) notify the Bank of any Compensation Event, termination event or event of default (in each case howsoever described) by or attributable to the Member Country or such Public Sector Entity under any Transaction Document to which it is a party and any political force majeure event (howsoever described) under such documents; (b) notify and provide to the Bank copies of any notices, claims, demands, reimbursements or recoveries under the Transaction Documents to which it is a party that could result in or relate to actions to enforce the payment of any Guaranteed Amount, or any other notices issued or received by the Member Country or such Public Sector Entity under any Transaction Document to which it is a party; and (c) notify the Bank of any event or circumstance which would or could adversely affect the Member Country’s or such Public Sector Entity’s ability to perform its obligations or exercise its rights under any Transaction Document to which it, SONATREL or any other Public Sector Entity is a party.

4. The Member Country shall take all lawful actions within its power to remedy and cure any event within the Member Country’s, SONATREL’s or any other Public Sector Entity’s control or responsibility that would or could result in the breach or termination of any relevant Transaction Document.

5. The Member Country shall not create or permit to exist or occur and shall take all lawful actions within its power to ensure that no Public Sector Entity shall create or permit to exist or occur, any circumstance, or change in the laws or regulations in effect in the Member Country after the date of this Agreement that would render any material obligations under any Transaction Document to which it or any Public Sector Entity is a party, or under any other Transaction Document, illegal, invalid, unenforceable, ineffective or void in whole or in part. If such circumstance or change exists or occurs, the Member Country shall take all lawful actions within its power to remedy and cure or to procure that the appropriate Public Sector Entity remedies and cures, the adverse effect on the Project of such circumstance or change in law or regulation.

6. The Member Country shall:

(a) (i) take all actions that shall be necessary on its part and take all lawful actions within its power to procure that any other Public Sector Entity takes all actions necessary on its part to enable the Company to obtain any authorization for the Project required under the
Transaction Documents; and (ii) to perform all of its obligations under the Transaction Documents;

(b) carry out promptly, and take all lawful actions within its power to cause any other Public Sector Entity to carry out promptly, or as may otherwise be agreed between the Member Country and the Bank, any action required to be performed by it or such Public Sector Entity to enable it or the Company to comply with the Environmental and Social Requirements and to obtain all Environmental and Social Permits required in relation to the Project; and

(c) not take, and shall take all lawful actions within its power not to cause or permit any other Public Sector Entity or ENEO to take, any action that would prevent or interfere with the performance by the Company of any of its obligations in connection with the Project or under the Transaction Documents or any other agreement related to the Project.

7. In the event any Local Lenders exercise their rights under the Local Loan Purchase Agreement to have their Local Loans purchased by Member Country, the Member Country shall use its best efforts to find commercial lenders eligible for coverage under the Local Loan Guarantee Agreement to purchase those Local Loans at a price no less than the purchase price paid by Member Country for such Local Loans (less any amounts received by the Member Country in respect of such Local Loans since its purchase).

8. The Member Country (a) affirms to the Bank that no Sanctionable Practices have been engaged in by any official or representative of the Member Country or any Public Sector Entity and (b) covenants that neither it nor any Public Sector Entity shall engage in Sanctionable Practices; during and with respect to the performance of any contract or activity related to the Project.

9. Without prejudice to Sections 5.10 and 6.01 of the General Conditions, the Member Country shall, upon request, promptly provide the Bank all information necessary, in the reasonable opinion of the Bank, for the Bank’s review of the Member Country’s performance of its covenants pursuant to this Schedule.
APPENDIX

1. DEFINITIONS


"Applicable E&S Law" means all Applicable Laws of the Member Country and international treaties and conventions signed and “ratified by or otherwise applicable and binding in the Member Country, setting standards concerning environmental, social, dam safety, labour, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof.

"Applicable Law" means all applicable statutes, laws, ordinances, decrees, rules and regulations, including but not limited to, any license, permit or other Government Authorization of any Public Sector Entity, in each case as in effect from time to time, and any regulation, rule, official directive, request or guideline of any governmental, intergovernmental or supranational body, agency, local government, court, department or regulatory, self-regulatory or other authority or organisation.

"Cooperation Agreement" means the Cooperation Agreement entered into or to be entered into between the Bank and ENEO.

"Construction Contracts" has the meaning given to that term in the CTA.

"Connection Agreement" the connection agreement dated 27 September 2018 between the Member Country, SONATREL and the Company.

"Dispatch Agreement" means the dispatch agreement dated 3 October 2018 between the Member Country, SONATREL, the Company and ENEO.

"ENEO Concession" means the ENEO Framework Concession Agreement dated 18 July 2001 and Secondary Contracts for Production and Distribution Activities.

"Environmental and Social Permits" means all and any Government Authorizations required by Applicable E&S Law or by any provision of law that deals with matters addressed in the Performance Standards or which relate, in whole or in part, to any matters addressed in the Performance Standards.

"Environmental and Social Requirements" means (i) the Applicable E&S Law, (ii) the ESIA, (iii) the ESMP, (iv) the Environmental and Social Permits and (v) the Performance Standards.

"ECSRSA" means the agreement entitled “Equity Contribution, Share Retention and Subordination Agreement” entered into or to be entered into, amongst others, the Company, EDF, EDF International S.A.S., International Finance Corporation and the Member Country as shareholders, the lenders party thereto, the Local Facility Agent and Standard Chartered Bank as intercreditor agent.

"EDF" means EDF S.A., a société anonyme incorporated under the laws of France, registered under number 552 081 317 RCS Paris, whose registered office is at 22-30, Avenue de Wagram, 75382 Paris, France.
“ESIA” means the environmental and social impact assessment studies entitled “Projet d’aménagement hydroélectrique de Nachtigal - Cameroun - Étude d’impact environnemental” dated November 2006 and undertaken by Tecsuit and Sogreah, “Projet hydroélectrique de Nachtigal - Mise à jour de l’étude d’impact environnemental et social” dated September 2011 and undertaken by AECOM and Sogreah (Groupe Artelia) on behalf of the Company, and the additional studies listed in Annex 6 (Environmental and Social Impact Assessment Studies) of the Project Agreement undertaken in accordance with the Performance Standards and national laws and regulations.

“ESMP” means the environmental and social management plans and the World Bank Dam Safety Plans developed or to be developed by the Company and listed in Annex 7 (Environmental and Social Management Plans) to the Project Agreement, setting out the specific environmental and social measures to be undertaken by the Company to enable the Project to be constructed, equipped and operated in compliance with the Environmental and Social Requirements, as such plans listed in such Annex 7 (Environmental and Social Management Plans) may be amended or supplemented from time to time with the consent of the Bank.

“Guarantee Agreements” means the Local Loan Guarantee Agreement and the Payment Guarantee Agreement.

“Guaranteed Amount” means any amount guaranteed by the Bank under the Local Loan Guarantee Agreement or the Payment Guarantee Agreement.

“Government Authorization” means any consent, registration, filing, agreement, notarisation, certificate, license, approval, permit, authority or exemption from, by or with any Public Sector Entity, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors’, stockholders’, shareholders’ and board of directors’ approvals or consents.

“Government Direct Agreement” means agreement entitled “Government Direct Agreement” entered into or to be entered into between, amongst others, the Member Country, SONATREL, the Local Facility Agent and the lenders and intercreditor agent party thereto.

“Government Support Agreement” means the government support agreement (accord de soutien gouvernemental) entered into or to be entered into between ENEO and the Member Country in connection with the Project.

“IBRD Agreements” means this Agreement, the Guarantee Agreements, the Cooperation Agreement and the Project Agreement.

“Other Finance Documents” means the Local Loan Agreement, the CTA and the Guaranteed LC.

“Other Project Documents” means the PPA, the Construction Contracts, the Services Agreements and the Owner’s Engineer Services Agreement.

“Owner’s Engineer” means EDF Cameroun S.A.S. and EDF.

“Owner’s Engineer Services Agreement” means the owner’s engineer services agreement entitled “Contrat de Prestation de Services” dated 4 October 2018 entered into between the Company and the Owner’s Engineer.

“Performance Standards” means:
(a) International Finance Corporation’s Performance Standards on Social & Environmental Sustainability, dated 1 January 2012 as in force on the date the CTA is signed; and the World Bank Performance Standards for Private Sector Activities as approved by IDA and IBRD’s Board of Executive Directors on June 26, 2012;

(b) World Bank Group (“WBG”) Environmental, Health and Safety (EHS) Guidelines applicable to the Project, including but not limited to WBG EHS General Guidelines (2007), WBG EHS Guidelines on Electric Power and Transmission (2007), Construction Materials Extraction (2007), Water and Sanitation (2007) and on Waste Management Facilities (2007), as in force as at the date of this Agreement; and

(c) the World Bank Dam Safety Policy;

copies of which have been delivered to, and receipt of which has been acknowledged by, the Member Country.

“Personnel Supply Agreement” means the personnel supply agreement entitled “Convention Cadre de Mise à Disposition de Personnel avec un profil d’expertise en matière d’exploitation maintenance d’ouvrage de production d’électricité pour le Projet d’Aménagement Hydroélectrique de Nachtigal-Amont Cameroun” dated 20 September 2018 entered into between the Company and the Services Provider.

“Project Agreement” means the project agreement entered into or to be entered into by and between the Company and the Bank.

“Public Sector Entity” means:

(a) the Government of the Member Country, the Parliament of the Member Country, any governmental department or ministry, agency, body, (including any state-owned company or other state-owned entity) instrumentality or public authority, whether national, state, regional or local (or any subdivision thereof), or any other entity subject to the overall control or direction as to matters of policy of the Government of the Member Country or which is otherwise controlled by the Government of the Member Country;

(b) any court in the Member Country with jurisdiction over the Company or the Project or any part thereof; or

(c) any other person in the Member Country having or asserting authority to issue a license, approval or consent required or necessary in connection with the Project, or otherwise having jurisdiction over any aspect of the Project.

“Relevant Project Agreements” means the Commitment Agreement, the Dispatch Agreement, the Connection Agreement, the Concession Agreement, the Reimbursement and Credit Agreement, the ENEO Concession, the Government Support Agreement, the Government Direct Agreement, the Local Loan Purchase Agreement, the ECSRSA, the Shareholders Agreement, the Sales License Agreement and any other document related to the Project and to which the Member Country or a Public Sector Entity is a party.

“Sales License Agreement” means the electricity sales license entitled “Contrat de License de Vente d’Electricité” dated 27 September 2018 authorizing the Company to sell the electricity to ENEO in accordance with the PPA.
“Sanctionable Practices” means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice, as those terms are defined and interpreted in accordance with the Anti-Corruption Guidelines.

“Services Agreements” means the Technical Services Agreement and the Personnel Supply Agreement.

“Services Provider” means EDF.

“Shareholders Agreement” means the shareholders' agreement dated on 7 July 2016 between EDFI, the Member Country, International Finance Corporation and the Company.

“Technical Services Agreement” means the technical services agreement entitled “Contrat d'Assistance Technique en matière d'exploitation et maintenance pour le Projet d'Aménagement Hydroélectrique de Nachtigal Amont Cameroun” dated 4 October 2018 entered into between the Company and the Services Provider.

“Transaction Documents” means the Relevant Project Agreements, the IBRD Agreements, the Other Project Documents and the Other Finance Documents.


Section II. General Conditions

(a) The following provisions of the “General Conditions for IBRD Financing: Investment Project Financing (2017)”, dated July 14, 2017, with the modifications set forth below (the “General Conditions”), constitute an integral part of this Agreement:

1. Article I (Introductory Provisions), modified by revising the second sentence of Section 1.01 (Application of General Conditions) thereof to read as follows:

“References in these General Conditions to the Project Implementing Entity, the Project Agreement or the Subsidiary Agreement shall be disregarded.”

2. Sections 1.02 (Inconsistency with Legal Agreements), 1.03 (Definitions) and 1.04 (References, Headings).

3. Sections 3.06 (Place of Payment), 3.07 (Currency of Payment), 3.09 (Valuation of Currencies) and 3.10 (Manner of Payment).

4. Sections 5.10 (Cooperation and Consultation) (modified by replacing references to the term “Loan” with the term “Guarantees”), 5.11 (Visits) (modified to delete the reference to “and the Project Implementing Entity”) and 5.12 (Disputed Area).

5. Section 6.01 (Financial and Economic Data).

6. Section 6.02(a) (Negative Pledge), modified to read as follows:

“It is the policy of the Bank, in making loans to, or with the guarantee of, its member countries not to seek, in normal circumstances, special security from the member concerned but to ensure that no
other Covered 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 country. To that end, if any Lien is created on any Public Assets as security for any Covered Debt, which will or might result in a priority for the benefit of the creditor of such Covered Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure the amounts payable by the Member Country under this Agreement, which, for purposes of this Section only, shall be deemed to be equal to (a) with respect to the Local Loan Guarantee Agreement, the Maximum Guaranteed Amount (as defined in the Local Loan Guarantee Agreement) and (b) with respect to the Payment Guarantee Agreement, the Maximum Guarantor Liability (as defined in the Payment Guarantee Agreement), 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 the Bank secure all amounts payable by the Member Country under this Agreement by an equivalent Lien on other Public Assets satisfactory to the Bank."

7. Sections 6.02(c) and (d).

8. Article VIII (Enforceability; Arbitration).

9. Section 10.01 (Execution of Legal Agreements: Notices and Requests), modified by deleting at the beginning of the second sentence of Section 10.01(b) the words “Except as otherwise provided in Section 9.03(a)

10. Section 10.02 (Action on Behalf of the Loan Parties and the Project Implementing Entity), modified by deleting the words “(and the representative designated by the Project Implementing Entity in the Project Agreement or the Subsidiary Agreement)” and “(or the Project Implementing Entity).”

11. Section 10.03 (Evidence of Authority), modified by deleting the words “and the Project Implementing Entity.”

12. Section 10.04 (Disclosure).

13. Paragraphs 7, 8 and 11 of the Appendix.

14. Paragraph 12 of the Appendix, modified to read as follows:

""Borrower" means the Member Country that is the party to the Loan Agreement."

15. Paragraphs 13, 26, 27, 40, 43, 44, 45 and 46 of the Appendix.

16. Paragraphs 49 and 50 of the Appendix.

17. Paragraph 67 of the Appendix, modified to read as follows:

""Legal Agreement" means the indemnity agreement between the Member Country and the Bank pertaining to the Guarantees, as such agreement may be amended from time to time. "Legal
Agreement” includes these General Conditions as applied to the Legal Agreement, and all appendices, schedules and agreements supplemental to the Legal Agreement."

18. Paragraph 69 of the Appendix.

19. Paragraph 70 of the Appendix, modified to read as follows:

"“Loan” means the amounts payable by the Borrower under the Loan Agreement."

20. Paragraph 72 of the Appendix, modified to read as follows:

"“Loan Agreement” means the Legal Agreement."

21. Paragraph 74 of the Appendix, modified to read as follows:

"“Loan Party” means the Borrower."

22. Paragraph 75 of the Appendix, modified to read as follows:

"“Loan Payment” means any amount payable by the Loan Party to the Bank pursuant to the Legal Agreement."

23. Paragraph 86 of the Appendix, modified by deleting the words “for which the Loan is extended.”


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

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

1. CORRUPT PRACTICES

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

INTERPRETATION

A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor’s books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

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

INTERPRETATION

A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.

B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee or carbon finance operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee or carbon finance operations.

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

INTERPRETATION

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

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

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

INTERPRETATION

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

5. OBSTRUCTIVE PRACTICES

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

INTERPRETATION

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

GENERAL INTERPRETATION

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