

**Contract of Guarantee  
for Loan Guarantees**

between the

**Multilateral Investment  
Guarantee Agency**

and

**[Guarantee Holder]**

This draft document is subject to the approval of MIGA's senior management, and as such cannot be considered a contract or an offer to enter into a contract. Only the document executed by MIGA, as approved by MIGA's senior management and the Guarantee Holder, will contain the terms and conditions that shall bind them. Until this document is executed by MIGA and the Guarantee Holder, neither MIGA nor the Guarantee Holder intends to be bound by its terms and conditions.

# Contract of Guarantee for Loan Guarantees

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## Part I – Special Conditions

### SPECIAL NOTICE

**This Contract comprises:  
Special Conditions (Part I),  
General Conditions (Part II),  
Amendments (Part III),  
Standby Option (Part IV)  
and the Annexes.**

**This Contract must not be read or interpreted without  
considering all of Parts I through IV and the Annexes.**

Contract of Guarantee (“**Contract**”) between the Multilateral Investment Guarantee Agency (“**MIGA**”) and [\_\_\_\_\_] (the “**Guarantee Holder**”), a company organized and existing under the laws of [\_\_\_\_\_].

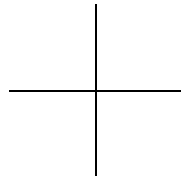
**CLAUSE 1. PROJECT ENTERPRISE:** [\_\_\_\_\_]

**CLAUSE 2A. INVESTMENT PROJECT:** [\_\_\_\_\_]

**CLAUSE 2B. HOST COUNTRY:** [\_\_\_\_\_]

**CLAUSE 3. GUARANTEE CURRENCY:** [\_\_\_\_\_]

**CLAUSE 4. LOAN GUARANTEE:** A guarantee made by the Guarante Holder under an agreement dated [\_\_\_\_\_] (the “**Loan Guarantee Agreement**”) of [all] [\_\_\_\_\_% of] [an amount up to \$\_\_\_\_ of] Scheduled Payments due (the “**Loan Guarantee Amount**”) from the Project Enterprise to [\_\_\_\_\_] (the “**Lenders**”) from time to time in respect of a loan in an original principal amount of \$[\_\_\_\_\_] (the “**Loan**”) made pursuant to a loan agreement dated [\_\_\_\_\_] (the “**Loan Agreement**”).



**CLAUSE 5. CONTRACT PERIOD:** The [\_\_\_\_]-month periods ending on the [\_\_\_\_] day of each [\_\_\_\_], [\_\_\_\_], [\_\_\_\_], and [\_\_\_\_], commencing with the period starting on the Effective Date and ending on [\_\_\_\_].

**CLAUSE 6. GUARANTEE PERIOD:** The period commencing on the Effective Date and ending [\_\_\_\_] years thereafter.

**CLAUSE 7. COVERED RISKS:** [Transfer Restriction;]  
[Expropriation;]  
[War and Civil Disturbance;] and  
[Breach of Contract.]

**CLAUSE 8. WAITING PERIOD:**

Transfer Restriction: [60] continuous days.

Expropriation:

- Subsection 4.1(a) [180] continuous days.
- Subsection 4.1(b) [180] continuous days.
- Subsection 4.1(c) [60] continuous days.
- Subsection 4.1(d) [180] continuous days.

War and Civil Disturbance:

- Subsection 5.1(a) [None.]
- Subsection 5.1(b) [180] continuous days.

Breach of Contract: [180] continuous days.

**CLAUSE 9A. PERCENTAGE OF COVER:** [\_\_\_\_]%

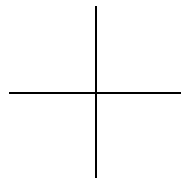
**CLAUSE 9B. PERCENTAGE OF SELF-INSURANCE** [\_\_\_\_]%

**TOTAL:** 100%

**CLAUSE 10. AMOUNT OF GUARANTEE:** [Amount of Guarantee], as adjusted in accordance with Article 15 of the General Conditions, and reflected in a revised Special Conditions.

**CLAUSE 11. STANDBY OPTION AMOUNT:** [Amount in Guarantee Currency] [Not applicable.]

**CLAUSE 12. ANNUAL PREMIUM RATE:** [\_\_\_\_]%



**CLAUSE 13. TOTAL PREMIUM FOR THE FIRST CONTRACT PERIOD:** [Amount of Premium in Guarantee Currency], payable before the Effective Date.

**CLAUSE 14A. STANDBY OPTION FEE FOR FIRST CONTRACT PERIOD:** [Amount of Standby Option Fee in Guarantee Currency], payable before the Effective Date.

**CLAUSE 14B. STANDBY OPTION FEE RATE:** [\_\_\_\_\_]%

**CLAUSE 15. DEDUCTIBLE:**

Transfer Restriction: [In Guarantee Currency] [None.]

Expropriation:

Subsection 4.1(a) [In Guarantee Currency] [None.]

Subsection 4.1(b) [In Guarantee Currency] [None.]

Subsection 4.1(c) [In Guarantee Currency] [None.]

Subsection 4.1(d) [In Guarantee Currency] [None.]

War and Civil Disturbance:

Subsection 5.1(a) [In Guarantee Currency] [None.]

Subsection 5.1(b) [In Guarantee Currency] [None.]

Breach of Contract: [In Guarantee Currency] [None.]

**CLAUSE 16. EFFECTIVE DATE:** [\_\_\_\_\_.]

**CLAUSE 17. NOTICE ADDRESSES:**

**MULTILATERAL INVESTMENT**

**GUARANTEE AGENCY**

1818 H Street, NW

Washington, DC 20433

United States of America

**[THE GUARANTEE HOLDER]**

[Mailing Address]

[City and Postal Code]

[Country]

Attention:

Contract Management and Portfolio Services

MIGA Finance and Risk Management Group

Facsimile: (202) 522-2630

Telephone: (202) 458-5714

Attention:

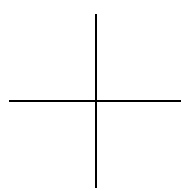
[Name]

[Title]

Facsimile: [Number]

Telephone: [Number]

This Contract is based on the Guarantee Holder’s representations to MIGA contained in the Application for Guarantee, and on any written information provided by the Guarantee Holder from time to time, including in connection with any Claim. This Contract is the entire agreement between the Guarantee Holder and MIGA and, when executed, shall include the Special Conditions (Part I) and the General Conditions (Part II), and, if applicable, may include the Amendments (Part III), the Standby Option (Part IV) and the Annexes.



IN WITNESS WHEREOF, MIGA and the Guarantee Holder, acting through their duly authorized representatives, have caused this Contract to be signed in their respective names. This Contract is deemed made in Washington, D.C., United States of America, and will come into force on the Effective Date upon its execution by both parties, subject to: (a) receipt by MIGA of payment in full of the Premium and the Standby Option Fee, if applicable, for the first Contract Period before the Effective Date; and (b) the receipt by MIGA no later than seven (7) calendar days after the Effective Date of a counterpart of this Contract executed by the Guarantee Holder on or before the Effective Date.

**MULTILATERAL INVESTMENT  
GUARANTEE AGENCY**

**[GUARANTEE HOLDER]**

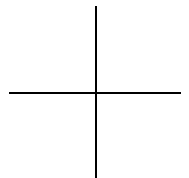
By: \_\_\_\_\_ By: \_\_\_\_\_  
(signature) (signature)

Yukiko Omura  
Executive Vice President  
\_\_\_\_\_  
Authorized Representative  
(name and title)

\_\_\_\_\_  
Authorized Representative  
(name and title)

Washington, D.C.  
[ ]  
\_\_\_\_\_  
(place and date)

\_\_\_\_\_  
(place and date)



## Part II – General Conditions

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### ARTICLE 1. APPLICATION AND INTERPRETATION

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1.1 The Special Conditions (Part I), the General Conditions (Part II), the Amendments (Part III), if any, the Standby Option (Part IV) and the Annexes, if applicable, shall form the entire Contract of Guarantee for Loan Guarantees.

1.2 All provisions of the Contract shall be presumed and construed to be consistent with the Convention and the Operational Regulations. Such presumption may not be challenged by either MIGA or the Guarantee Holder.

1.3 The capitalized terms herein are used as they are defined under Article 2. Such defined terms in the singular shall include the plural and vice versa.

1.4 The terms “Corrupt Practice”, “Coercive Practice”, “Collusive Practice”, “Fraudulent Practice” and “Obstructive Practice” shall be interpreted in accordance with the Anti-Corruption Guidelines attached as Annex 1.

1.5 Unless otherwise stated, all references herein to Articles, Sections, Subsections and Annexes are to those of these General Conditions.

1.6 Notwithstanding any other provision herein, if any obligation to be performed under this Contract falls on a day that is not a Banking Day, such obligation shall be performed on the next succeeding Banking Day.

1.7 On or before the Effective Date, MIGA shall have received and approved in writing either true and complete copies of the Loan Guarantee Agreement and the Loan Agreement executed by all parties thereto, or drafts of the Loan Guarantee Agreement and the Loan Agreement. If drafts have been delivered to and approved by MIGA, the Guarantee Holder shall deliver to MIGA within 30 days of the respective date of execution, but in no event later than 90 days after the Effective Date true and complete copies of the Loan Guarantee Agreement and the Loan Agreement executed by all parties thereto, including the Payment Schedule, *provided* that any material change from the draft delivered to and approved by MIGA, including any change to the Payment Schedule provided for Annex 2, shall be subject to written approval by MIGA in MIGA’s sole discretion.

### ARTICLE 2. DEFINITIONS

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“**Amount of Guarantee**” means the amount specified in Clause 10 of the Special Conditions, which amount is the maximum aggregate amount of compensation payable by MIGA under the Contract for the duration of the Guarantee Period, irrespective of the number of Losses.

“**Anti-Corruption Guidelines**” means the document entitled “MIGA’s Anti-Corruption Guidelines” attached hereto as Annex 1, which guidelines clarify how the terms Corrupt Practice, Coercive Practice, Collusive Practice, Fraudulent Practice and Obstructive Practice shall be interpreted and enforced.

“**Application for Guarantee**” means the Definitive Application for Guarantee, including all attachments and any updates thereto, delivered to and filed with MIGA by the Guarantee Holder before the Effective Date.

“**Award**” means a final and binding decision rendered on the merits by a competent arbitral tribunal, a court of law or similar judicial forum.

“**Banking Days**” means the days defined in the Loan Guarantee Agreement as being days on which the Guarantee Holder is not excused from the requirement to make a payment thereunder, after taking into account Saturdays, Sundays and other days on which relevant banks are not open for business.

“**Breach of Contract**” means the Covered Risk specified in Section 6.1.

“**Claim**” means an application submitted in writing by the Guarantee Holder to MIGA for payment of compensation for a Loss under the Contract.

“**Coercive Practice**” means impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of a person to influence improperly the actions of a person.

“**Collusive Practice**” means an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

“**Contract**” means the Contract of Guarantee, which includes the Special Conditions (Part I) and these General Conditions (Part II), and which may include the Amendments (Part III), the Standby Option (Part IV) and the Annexes.

“**Contract Period**” means: (a) the period commencing on the Effective Date and ending on the first date specified in Clause 5 of the Special Conditions; and (b) each successive period ending on the dates specified in Clause 5 of the Special Conditions or, if earlier, the end of the Guarantee Period; provided, however, that if the last day of a Contract Period falls on a day that is not a Banking Day, the Contract Period shall extend to and include the next succeeding Banking Day.

“**Contractual Obligation**” means an obligation or obligations to be performed by the Host Government under a Project Agreement for the benefit of the Project Enterprise or the Guarantee Holder specified in Annex 3 to the Contract.

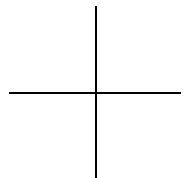
“**Convention**” means the Convention Establishing the Multilateral Investment Guarantee Agency dated October 11, 1985.

“**Corrupt Practice**” means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another person.

“**Covered Risk**” means any event described in the relevant sections of the General Conditions for any risk specified in Clause 7 of the Special Conditions.

“**Date of Loss**” means, with respect to a Covered Risk of:

- (a) Transfer Restriction, the Loan Guarantee Reimbursement Date;





- (b) Expropriation: (i) with respect to Covered Risks of the types described in Subsections 4.1(a), 4.1(b) and 4.1(c), the Loan Guarantee Reimbursement Date; and (ii) with respect to Covered Risks of the type described in Subsection 4.1(d), the day before the deprivation takes place;
- (c) War and Civil Disturbance, the Loan Guarantee Reimbursement Date; and
- (d) Breach of Contract, the date of the Award.

“**Deductible**” means the amount or amounts specified in Clause 15 of the Special Conditions for which the Guarantee Holder may not file a Claim for a given Loss.

“**Effective Date**” means 12:01 AM, Washington, D.C. time, on the date specified in Clause 16 of the Special Conditions as the date on which the Contract becomes effective.

“**Expropriation**” means the Covered Risk described in Section 4.1.

“**Forced Labor**” means all work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty.

“**Fraudulent Practice**” means any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial or other benefit or to avoid an obligation.

“**Guarantee Currency**” means the currency specified in Clause 3 of the Special Conditions.

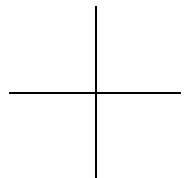
“**Guarantee Holder**” means the natural or juridical person so designated in the Special Conditions and who is party to the Contract, which term shall include such person's successors and permitted assigns that, in either case, meet the requirements of the Convention and the Operational Regulations.

“**Guarantee Period**” means the period specified in Clause 6 of the Special Conditions; provided, however, that if the last day of the Guarantee Period falls on a day that is not a Banking Day, the Guarantee Period shall extend to and include the next succeeding Banking Day.

“**Guaranteed Reimbursement Amounts**” means amounts due and payable to the Guarantee Holder in Guarantee Currency on account of a Loan Guarantee Payment made in respect of a Scheduled Payment that has not been reimbursed to the Guarantee Holder by payment in Guarantee Currency in the country of the Guarantee Holder but excluding any amounts that relate to amounts payable under the Loan Agreement prior to the Scheduled Payment Due Date applicable to such amount (by reason of acceleration of the Loan or otherwise).

“**Harmful Child Labor**” means the employment of children that is economically exploitative or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral or social development.

“**Host Country**” means the country specified in Clause 2B of the Special Conditions, in which country the Project Enterprise and Investment Project are located.



**“Host Government”** means:

- (a) the present or any succeeding governing authority (without regard to the method of its succession or whether it is internationally recognized) in effective control of all or any part of the territory of the Host Country or any political or territorial subdivision thereof (including any dependent territory); or
- (b) any other public authority within the territory of the Host Country: (i) which on the Date of Loss was under the supervision, control and direction of a governing authority described in subsection (a) above; and (ii) for whose actions a governing authority described in subsection (a) above may be held liable.

**“Interest”** means any interest under the Contract owed by or to MIGA, calculated from the date the relevant amount becomes due and payable up to the date payment is received by MIGA or the Guarantee Holder, as the case may be.

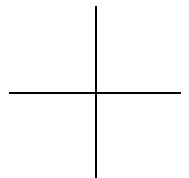
**“International Accounting Standards”** means that set of accounting standards established and issued by the International Accounting Standards Board, as amended from time to time.

**“Investment Project”** means the project or set of projects to be undertaken by the Project Enterprise, and to which the proceeds of the Loan will be applied, as specified in Clause 2A of the Special Conditions.

**“Lenders”** has the meaning specified in Clause 4 of the Special Conditions.

**“LIBOR”** means the London Interbank Offered Rate for the Guarantee Currency. For all purposes under the Contract, LIBOR shall be determined on any date (each such date, a **“Determination Date”**) by reference to:

- (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1 percent) appearing on Telerate Page 3750 (or any successor page) as the London Interbank Offered Rate for deposits in Guarantee Currency at 11:00 AM (London time) two London business days before such Determination Date for the period commencing on such Determination Date and ending on a date six months after such Determination Date;
- (b) in the event of the unavailability of the Telerate Page, by the rate per annum (rounded upwards, if necessary to the nearest 1/100 of 1 percent) appearing on the Reuters LIBOR page as the London Interbank Offered Rate for deposits of Guarantee Currency at approximately 11:00 AM (London time) two London business days before such Determination Date for the period commencing on such Determination Date and ending on a date six months after such Determination Date; or
- (c) in the event of the unavailability of both the Telerate Page and the Reuters Page, six month **“LIBOR BBA Interbank Fixing Rate”** for the Guarantee Currency as published in the World Interest Rates section of the Financial Times newspaper two London business days before such Determination Date.



“**Loan**” means the loan made by the Lenders to the Project Enterprise and denominated in Guarantee Currency, in the original principal amount specified in Clause 4 of the Special Conditions.

“**Loan Agreement**” means the Loan Agreement(s), including the Payment Schedule, between the Lenders and the Project Enterprise, evidencing the Scheduled Payments that are fully or partially guaranteed under the Loan Guarantee Agreement.

“**Loan Guarantee Agreement**” means the Loan Guarantee Agreement between the Guarantee Holder and the Lenders specified in Clause 4 of the Special Conditions.

“**Loan Guarantee Amount**” means the contingent liability of the Guarantee Holder, denominated in Guarantee Currency, arising under the Loan Guarantee Agreement to make guarantee payments with respect to Scheduled Payments as more fully specified in Clause 4 of the Special Conditions.

“**Loan Guarantee Payment**” means a payment by the Guarantee Holder to the Lenders of a Loan Guarantee Amount pursuant to the Loan Guarantee Agreement.

“**Loan Guarantee Payment Date**” means the date a Loan Guarantee Payment is made by the Guarantee Holder to the Lenders in accordance with the Loan Guarantee Agreement.

“**Loan Guarantee Reimbursement Date**” means, with respect to each Guaranteed Reimbursement Amount, the first date on which all of the following conditions have been fulfilled: (i) such Guaranteed Reimbursement Amount has become due and payable to the Guarantee Holder, whether by law or by contract; and (ii) such Guaranteed Reimbursement Amount is not subject to any applicable contractual restriction (including without limitation any contractual waiver of the Guarantee Holder's subrogation rights until all Loan amounts have been paid to the Lenders).

“**Local Currency**” means the national currency of the Host Country.

“**Loss**” means any loss incurred by the Guarantee Holder as a result of the failure to receive Guaranteed Reimbursement Amounts when due on or after the corresponding Loan Guarantee Reimbursement Date, which Guaranteed Reimbursement Amounts would have been paid to the Guarantee Holder but for the occurrence of a Covered Risk.

“**MIGA's Environmental Policies and Guidelines**” means, with respect to the Investment Project and Project Enterprise, pollution prevention and abatement measures, including worker's health and safety guidelines and safeguard policies, issued by MIGA and in effect as of the Effective Date. The relevant measures are attached as Annex 4 to the Contract.

“**Money Laundering**” means the acquisition, possession, use, conversion, transfer or concealment of the true nature of property of any description, and legal documents or instruments evidencing title to, or interest in, such property, knowing that such property is an economic advantage from criminal offences, for the purpose of: (a) concealing or disguising the illicit origin of the property; or (b) assisting any person who is involved in the commission of the criminal offence as a result of which such property is generated, to evade the legal consequences of such actions.

**“Notice of Termination”** means a notice sent by MIGA or the Guarantee Holder to terminate the Contract following the procedures specified in Section 16.1, such notice to be effective at 11:59 PM, Washington, D.C. time, on the relevant date of termination.

**“Obstructive Practice”** means (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation, or making 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 person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (b) acts intended to materially impede MIGA’s access to contractually required information in connection with a World Bank Group investigation into allegations of a Corrupt, Fraudulent, Coercive or Collusive Practice.

**“Operational Regulations”** means the Operational Regulations adopted by MIGA's Board of Directors as in force on the Effective Date.

**“Payment Schedule”** means the schedule(s) attached as Annex 2 itemizing, with respect to Scheduled Payments that are fully or partially guaranteed under the Loan Guarantee Agreement, the Scheduled Payment Due Date and amount of each Scheduled Payment.

**“Percentage of Cover”** means such percentage of each Loss for which the Guarantee Holder is entitled to compensation under the Contract specified in Clause 9A of the Special Conditions.

**“Percentage of Self-Insurance”** means such percentage of each Loss that the Guarantee Holder is required to bear for its own account specified in Clause 9B of the Special Conditions.

**“Premium”** means the amount payable by the Guarantee Holder for each Contract Period for the coverage provided by the Contract, calculated based on: (a) the Amount of Guarantee as of the first day of each Contract Period; (b) the annual premium rate specified in Clause 12 of the Special Conditions; and (c) the total number of days in the applicable Contract Period, calculated using a 365-day year.

**“Premium Due Date”** means:

- (a) for the first Contract Period, the date specified in Clause 13 of the Special Conditions; and
- (b) for each subsequent Contract Period, the day before the first day of such Contract Period.

**“Project Agreement”** means one or more of the agreements, contracts or binding commitments in each case either: (a) between the Guarantee Holder and the Host Government; or (b) between the Project Enterprise (whose rights have been collaterally assigned to the Lenders and/or the Guarantee Holder) and the Host Government, and which are in either case directly related to the Investment Project and specified in Annex 3 to the Contract.

**“Project Enterprise”** means the enterprise specified in Clause 1 of the Special Conditions that is responsible for conducting the Investment Project.

**“Provisional Payment”** means the amount in Guarantee Currency that MIGA may elect to pay the Guarantee Holder in accordance with Section 6.2 pending the issuance of an Award.

**“Reference Rate of Exchange”** means with respect to any date the effective rate of exchange on such date for conversion of the Local Currency into Guarantee Currency determined as follows:

- (a) first, the exchange rate category generally applied on such date for purposes of servicing private foreign debt by the central bank or any other similar regulatory authority charged with the function of establishing the official foreign exchange rate in the Host Country, but if Guarantee Currency was not generally available at such official exchange rate, then the Reference Rate of Exchange shall be the effective rate obtained through any other lawful channel through which Guarantee Currency was available;
- (b) second, if a rate cannot be determined in accordance with clause (a) above, the average clearing rate on such date legally used by the largest three commercial banks (measured by volume of foreign exchange transactions cleared in the most recent 60-day period) in the Host Country; and
- (c) third, if a rate cannot be determined in accordance with clauses (a) or (b) above, the rate of exchange determined by the International Monetary Fund (IMF) for the Host Country. Any costs of obtaining such rate of exchange through the IMF shall be equally shared by the parties.

The Reference Rate of Exchange shall be calculated taking into account the application of all charges and expenses due in case of conversions and transfers by or on behalf of the Guarantee Holder under the prevailing laws, regulations and business practices of the Host Country.

**“Rules of Arbitration”** means the Rules of Arbitration for disputes under Contracts of Guarantee of the Multilateral Investment Guarantee Agency dated January 1990.

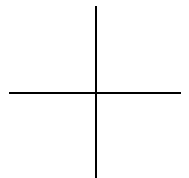
**“Scheduled Payment”** means the obligation of the Project Enterprise to make each scheduled repayment of principal of the Loan Agreement, and each scheduled payment of interest thereon, including as the context requires any portion of such payments, scheduled to be due and payable by the Project Enterprise on the Scheduled Payment Due Dates in the amounts (or, with respect to variable rate interest, based on the rates) specified in the Payment Schedule.

**“Scheduled Payment Due Date”** means the date specified in the Payment Schedule on which the applicable Scheduled Payment is due and payable in accordance with the Loan Agreement.

**“Standby Option Fee”** means:

- (a) for the first Contract Period, the amount payable by the Guarantee Holder specified in Clause 14(a) of the Special Conditions; and
- (b) for each subsequent Contract Period, the amount payable by the Guarantee Holder at the rate specified in Clause 14(b) of the Special Conditions calculated based on the remaining amount, if any, under Article 2 of the Standby Option (Part IV of the Contract).

**“Transfer Restriction”** means the Covered Risk described in Section 3.1.



“**Waiting Period**” means the period of time measured from the Date of Loss, specified in Clause 8 of the Special Conditions for each Covered Risk, which must elapse before MIGA may deem a Claim to be complete.

“**War and Civil Disturbance**” means the Covered Risk described in Section 5.1.

“**World Bank Group**” means the World Bank (comprised of the International Bank for Reconstruction and Development and the International Development Association), the International Finance Corporation and MIGA.

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### **ARTICLE 3. TRANSFER RESTRICTION**

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#### **Covered Risk**

3.1 The guarantee against Transfer Restriction shall cover a Loss due to any action or inaction by the Host Government, or pursuant to such action or inaction by the Host Government by entities authorized under the laws of the Host Country to engage in foreign exchange transactions, which prevents, directly or indirectly, both the Guarantee Holder and the Project Enterprise from legally:

- (a) converting into the Guarantee Currency the Local Currency held to make payment of Guaranteed Reimbursement Amounts, including the denial of such conversion in an exchange rate category at least as favorable as that used to determine the Reference Rate of Exchange; or
- (b) transferring outside of the Host Country the Guarantee Currency constituting Guaranteed Reimbursement Amounts;

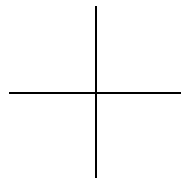
provided that the Guarantee Holder or the Project Enterprise, or both, as required:

- (x) has during the applicable Waiting Period continuously applied for and failed to convert the Local Currency constituting Guaranteed Reimbursement Amounts, or to transfer the Guarantee Currency constituting Guaranteed Reimbursement Amounts, as the case may be, through all mechanisms permitted in accordance with the relevant laws, regulations and procedures of the Host Country; and
- (y) had on the Effective Date the legal right within the Host Country to convert the Local Currency and transfer the Guarantee Currency that constituted Guaranteed Reimbursement Amounts.

3.2 A Loss due to the deprivation by the Host Government of the use and control of funds constituting Guaranteed Reimbursement Amounts shall only be covered under Subsection 4.1(c).

#### **Compensation**

3.3 Subject to Articles 8, 9 and 10, compensation for Transfer Restriction shall be the Percentage of Cover of:



- (a) the Guarantee Currency equivalent of the Local Currency constituting Guaranteed Reimbursement Amounts which could not be converted under Subsection 3.1(a), calculated on the basis of the Reference Rate of Exchange on the Date of Loss; or
- (b) the amount of Guarantee Currency constituting Guaranteed Reimbursement Amounts that could not be transferred under Subsection 3.1(b) as of the Date of Loss.

### **Filing of Claims**

3.4 The Guarantee Holder may file a Claim for Transfer Restriction at any time from the Date of Loss to the date 180 days after the applicable Waiting Period has elapsed. The Guarantee Holder shall submit to MIGA promptly all material evidence available to it from time to time as may be necessary to support such Claim for Transfer Restriction, including copies of certifications by the Host Government, or other entities authorized to conduct foreign exchange transactions, demonstrating the inability of both the Guarantee Holder and the Project Enterprise to convert the Local Currency constituting Guaranteed Reimbursement Amounts or transfer the Guarantee Currency constituting Guaranteed Reimbursement Amounts, as the case may be, during the applicable Waiting Period.

3.5 A Claim shall be deemed by MIGA to be complete when MIGA is reasonably satisfied that it has received all material evidence required to determine the Guarantee Holder's right to compensation under the Contract. MIGA shall make a determination with respect to such Claim in accordance with Section 10.1.

### **Transfer and Assignment**

3.6 Prior to or simultaneously with payment of compensation for a Loss, the Guarantee Holder shall or shall cause the Project Enterprise to:

- (a) deliver to MIGA in the Host Country in cash (or, at MIGA's option, by draft subject to collection) the Percentage of Cover of the Local Currency or Guarantee Currency constituting Guaranteed Reimbursement Amounts which could not be converted or transferred under Section 3.1; or
- (b) at MIGA's option, assign and transfer to and for the benefit of MIGA the Percentage of Cover of all the Project Enterprise's and the Guarantee Holder's right, title and interest, including all rights to security associated therewith, in such Local Currency or Guarantee Currency constituting Guaranteed Reimbursement Amounts;

provided that:

- (x) any such delivery or assignment to MIGA shall be made free and clear of any claim, defense, counterclaim, right of set off, liens, security interests, or other encumbrances; and
- (y) in cases where the Guarantee Holder itself has insufficient Local Currency, the Guarantee Holder may, local laws permitting, supplement the Local Currency to be transferred and assigned to MIGA from Local Currency payments made by the Project Enterprise, a guarantor or from any other source, so that the amount of compensation payable in the Guarantee Currency by MIGA is equal to the

Percentage of Cover of the Guaranteed Reimbursement Amounts at the Reference Rate of Exchange in accordance with Subsection 3.3(a).

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## **ARTICLE 4. EXPROPRIATION**

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### **Covered Risk**

4.1 The guarantee against Expropriation shall cover a Loss due to any direct or indirect action or inaction, in one or a series of events, attributable to the Host Government which:

- (a) (i) interferes with the ownership or control of all or a substantial part of the Project Enterprise, or otherwise deprives the Project Enterprise of a substantial benefit constituting a fundamental right essential to the overall financial viability of the Investment Project; and (ii) results in the Guarantee Holder not receiving payment from the Project Enterprise of Guaranteed Reimbursement Amounts when due;
- (b) deprives the Guarantee Holder of its material rights in respect of Guaranteed Reimbursement Amounts and, as a consequence thereof, the Guarantee Holder does not receive payment of any such Guaranteed Reimbursement Amounts when due;
- (c) deprives the Guarantee Holder or the Project Enterprise, as applicable, of the use and control of any funds constituting Guaranteed Reimbursement Amounts; or
- (d) deprives the Guarantee Holder of its material rights as a creditor against any collateral security or commercial guarantees of repayment obtained on account of a Loan Guarantee Payment that has been made as a consequence of a default under the Loan Agreement for commercial reasons rather than as a consequence of a Covered Risk;

provided that such Loss continues for the duration of the applicable Waiting Period.

4.2 No measure shall constitute an Expropriation under Section 4.1 above if it constitutes a bona fide, non-discriminatory measure of general application that governments normally take for the purpose of regulating economic activity, ensuring public safety, raising revenues or protecting the environment, unless the measure is designed by the Host Government to have a confiscatory effect.

4.3 A Loss due to a breach by the Host Government of its obligations under any agreement between or among the Host Government and any Lender, the Guarantee Holder, and/or the Project Enterprise, where the Host Government is acting in a commercial capacity shall not constitute an Expropriation under Section 4.1 above.

### **Compensation**

4.4 Subject to Articles 8, 9 and 10, compensation for Expropriation shall be the Percentage of Cover of the due but unpaid Guaranteed Reimbursement Amounts, calculated as of the Date of Loss. With respect to a Covered Risk of the type described in Subsection 4.1(d), such amount shall not exceed the realizable value of the collateral security or commercial guarantees as of the Date of Loss.



**Filing of Claims**

4.5 The Guarantee Holder may file a Claim for Expropriation at any time from the Date of Loss to the date 180 days after the applicable Waiting Period has elapsed. The Guarantee Holder shall submit to MIGA promptly all material evidence available to it from time to time as may be necessary to support such Claim for Expropriation, including: (a) the cause of the failure to receive payment from the Project Enterprise of Guaranteed Reimbursement Amounts; and (b) the actions or inactions of the Host Government constituting the Expropriation.

4.6 A Claim shall be deemed by MIGA to be complete when MIGA is reasonably satisfied that it has received all material evidence required to determine the Guarantee Holder's right to compensation under the Contract. MIGA shall make a determination with respect to such Claim in accordance with Section 10.1.

**Transfer and Assignment**

4.7 Prior to or simultaneously with payment of compensation for a Loss, the Guarantee Holder shall in accordance with MIGA's instructions assign and transfer to and for the benefit of MIGA, free and clear of any claim, defense, counterclaim, right of set off, liens or other encumbrances, the Percentage of Cover of the Guarantee Holder's right, title and interest, including all rights to security associated therewith, in the Guaranteed Reimbursement Amounts for which compensation is to be paid.

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**ARTICLE 5. WAR AND CIVIL DISTURBANCE**

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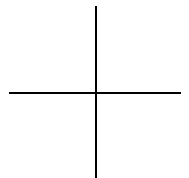
**Covered Risk**

5.1 The guarantee against War and Civil Disturbance shall cover a Loss due to a failure to receive payment from the Project Enterprise of Guaranteed Reimbursement Amounts that is a direct and immediate result of:

- (a) the destruction or disappearance of, or physical damage to, tangible assets (other than precious metals, gems, works of art, money or documents) in the Host Country which constitute the Investment Project; or
- (b) the total inability of the Project Enterprise to conduct operations essential to its overall financial viability as a going concern during the applicable Waiting Period;

provided that:

- (x) the Loss is a direct and immediate result of acts of war, revolution, insurrection, civil war, civil commotion, or acts of terrorism or sabotage carried out, in each case, with the primary intent of achieving a political objective in the Host Country; and
- (y) the Loss continues for the duration of the applicable Waiting Period.



## Compensation

5.2 Subject to Articles 8, 9 and 10, compensation for War and Civil Disturbance shall be the Percentage of Cover of the due but unpaid Guaranteed Reimbursement Amounts as of the Date of Loss.

## Filing of Claims

5.3 The Guarantee Holder may file a Claim for War and Civil Disturbance at any time from the Date of Loss to the date 180 days after the applicable Waiting Period has elapsed. The Guarantee Holder shall submit to MIGA promptly all material evidence available to it from time to time as may be necessary to support such Claim for War and Civil Disturbance, including: (a) evidence concerning the cause of the failure to receive payment from the Project Enterprise of Guaranteed Reimbursement Amounts; (b) copies of inventories and audited book entries concerning the assets destroyed, damaged or that have disappeared, in the case of Subsection 5.1(a); and (c) all material evidence related to events preventing the Project Enterprise from carrying out viable business operations in the case of Subsection 5.1(b).

5.4 A Claim shall be deemed by MIGA to be complete when MIGA is reasonably satisfied that it has received all material evidence required to determine the Guarantee Holder's right to compensation under the Contract. MIGA shall make a determination with respect to such Claim in accordance with Section 10.1.

## Transfer and Assignment

5.5 Prior to or simultaneously with payment of compensation for a Loss, the Guarantee Holder shall, or shall cause the Project Enterprise to, assign and transfer to and for the benefit of MIGA, free and clear of any claim, defense, counterclaim, right of set off, liens or other encumbrances, the Percentage of Cover of the Guarantee Holder's right, title and interest, including all rights to security associated therewith, in the Guaranteed Reimbursement Amounts for which compensation is to be paid.

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## ARTICLE 6. BREACH OF CONTRACT

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### Covered Risk

6.1 The guarantee against Breach of Contract shall cover a Loss resulting from a default by the Project Enterprise in making payment to the Guarantee Holder of Guaranteed Reimbursement Amounts that is attributable to the inability of the Guarantee Holder or the Project Enterprise to enforce an Award rendered in its favor against the Host Government, provided that:

- (a) the Award in respect of such Loss is for a specified monetary amount and has been rendered pursuant to a breach of a Contractual Obligation in a Project Agreement, or repudiation of such Project Agreement by the Host Government, and such Award clearly states that such breach or repudiation by the Host Government was the cause of the Loss; and
- (b) the Guarantee Holder and/or the Project Enterprise, as applicable, have made all reasonable efforts to exhaust available remedies to enforce the Award against the Host Government during the applicable Waiting Period from the date of the Award.

### Provisional Payment

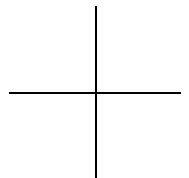
6.2 Prior to payment of compensation for a Loss under Section 6.3 below, MIGA may in its sole discretion agree to make one or more Provisional Payments (normally corresponding to due but unpaid Guaranteed Reimbursement Amounts and in an aggregate amount not to exceed 50 percent of the Amount of Guarantee) provided that:

- (a) the Guarantee Holder and the Project Enterprise, as applicable, have not been able to obtain an Award within a period of 180 consecutive days from initiating arbitral or judicial proceedings against the Host Government for such breach of a Contractual Obligation in a Project Agreement, or repudiation of such Project Agreement, and the Guarantee Holder has made a written request for Provisional Payments after such time period has elapsed;
- (b) the merits of the Guarantee Holder's claim have been determined through binding recourse to an independent expert in accordance with the procedures specified in Annex 5 to the Contract; and
- (c) the Guarantee Holder has provided MIGA with an irrevocable financial guarantee, in a form and from a guarantor acceptable to MIGA, to repay MIGA on demand the Provisional Payments as follows:
  - (i) if the Award is rendered against the Guarantee Holder or the Project Enterprise or both, the Provisional Payments shall be repaid in full; or
  - (ii) if the Award is rendered in favor of the Guarantee Holder or the Project Enterprise or both, but the awarded amount is less than the Provisional Payments, the Provisional Payments shall be repaid in part in the amount of such shortfall; or
  - (iii) if the Guarantee Holder or the Project Enterprise receives compensation from the Host Government based on the Award, the Provisional Payments shall be repaid in the amount of such compensation received; and

in each case, plus Interest at LIBOR plus 1 percent, calculated for the period from the date MIGA makes the respective Provisional Payment until the date the Award is rendered, or the date when the Guarantee Holder or the Project Enterprise receives compensation from the Host Government, as applicable.

### Compensation

6.3 Subject to Articles 8, 9 and 10, compensation for Breach of Contract shall be: (a) the Percentage of Cover in Guarantee Currency, calculated as of the Date of Loss, of the lesser of: (i) the amount of the Award owed to the Guarantee Holder (or, in the case of an Award in favor of the Project Enterprise, the Guarantee Holder's pro rata interest therein) and (ii) the due but unpaid Guaranteed Reimbursement Amounts; less (b) the amount of any Provisional Payment that has been made.



**Filing of Claims**

6.4 The Guarantee Holder may file a Claim for Breach of Contract at any time from the Date of Loss to the date 180 days after the applicable Waiting Period has elapsed. The Guarantee Holder shall submit to MIGA promptly all material evidence available to it from time to time as may be necessary to support such Claim for Breach of Contract, including evidence concerning the cause of the failure to receive payment from the Project Enterprise of Guaranteed Reimbursement Amounts and a certified copy of the Award.

6.5 A Claim shall be deemed by MIGA to be complete when MIGA is reasonably satisfied that it has received all material evidence required to determine the Guarantee Holder's right to compensation under the Contract. MIGA shall make a determination with respect to such Claim in accordance with Section 10.1.

**Transfer and Assignment**

6.6 Prior to or simultaneously with payment of compensation for a Loss, the Guarantee Holder shall or shall cause the Project Enterprise to assign and transfer to and for the benefit of MIGA, free and clear of any claim, defense, counterclaim, right of set off, liens or other encumbrances, the Percentage of Cover of the Guarantee Holder's interest in the rights and causes of action under the Award or, in the case of an Award in favor of the Project Enterprise, the Guarantee Holder's pro rata interest therein.

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**ARTICLE 7. PERCENTAGE OF SELF-INSURANCE**

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7.1 Throughout the Guarantee Period, the Guarantee Holder shall bear for its own account at least the Percentage of Self-Insurance of each potential Loss.

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**ARTICLE 8. DEDUCTIONS AND ADJUSTMENTS**

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8.1 MIGA shall:

- (a) deduct from any compensation due under the Contract, the Guarantee Holder's share of any other compensation or benefit received or due to be received by or for the benefit of the Guarantee Holder, or the Project Enterprise, from any source, including the ratable portion of the Loss payable by any other insurer or guarantor, as a result of the Covered Risks which caused the Loss for which MIGA is liable to pay compensation;
- (b) only be liable to pay Guaranteed Reimbursement Amounts: (i) no sooner than each corresponding Scheduled Payment is originally scheduled to be due in accordance with the Payment Schedule, irrespective of whether Scheduled Payments on the Loan have been accelerated or any Loan Guarantee Payments have been made with respect to such accelerated amounts; and (ii) if the Guarantee Holder shall have complied with all terms and conditions of the Contract, including paying the Premium and Standby Option Fee, with respect to the corresponding Contract Period within which the Date of Loss falls; and

- (c) notwithstanding Subsection 8.1(b) above, have the option, in its sole discretion and at any time, to prepay the Guarantee Holder by paying: (i) the Percentage of Cover of the amount of outstanding principal of the Loan in respect of which the Guarantee Holder has made payment pursuant to the Loan Guarantee Agreement and which is guaranteed hereunder, plus (ii) the Percentage of Cover of all corresponding accrued and unpaid Scheduled Payments of interest which relate to the outstanding principal referred to in this Subsection 8.1(c)(i) that were due on Scheduled Payment Due Dates occurring on or prior to the date of such prepayment by MIGA, but in no event exceeding the Amount of Guarantee. Any such prepayment shall be conditional upon the simultaneous payment by the Guarantee Holder to MIGA of the amount of Premium payable over the corresponding balance of the Guarantee Period, calculated based on the Payment Schedule (assuming that Scheduled Payments are paid when due and, with respect to variable rate interest, there is no change in interest rates).

8.2 Amounts of compensation determined to be payable by MIGA for any Loss:

- (a) shall in no event exceed the Amount of Guarantee during the relevant Contract Period;
- (b) shall be reduced, before application of any other reduction or adjustment, by any Deductible amount that may be specified under Clause 15 of the Special Conditions;
- (c) shall not include interest accruing at a penalty or default rate (including such interest payable in connection with any political risk event), mandatory prepayments of principal, acceleration of principal, make-whole premiums, break-funding costs, voluntary prepayments of principal, interest rate swaps and other derivatives transactions associated with the Loan Agreement or the Loan Guarantee Agreement, payments with respect to withholding taxes and other taxes, increased costs provisions, unpaid fees, costs and expenses, or any other amounts (other than Guaranteed Reimbursement Amounts), irrespective of whether such amounts are guaranteed under the Loan Guarantee Agreement;
- (d) shall not include any interest accruing on any Scheduled Payment after the Scheduled Payment Due Date, irrespective of whether such amounts are payable under the Loan Agreement, guaranteed under the Loan Guarantee Agreement, or paid as a Loan Guarantee Payment; and
- (e) shall be subject to adjustment if the Guarantee Holder has made or guaranteed loans to the Project Enterprise (other than loans payable in Local Currency) which MIGA has not guaranteed, and the Project Enterprise has, after the Loan Guarantee Payment Date that is the basis of the Claim, paid a greater percentage of the aggregate amount of the corresponding portions of such unguaranteed obligations than of the Guaranteed Reimbursement Amounts.

8.3 Subject to Section 8.2 above, in application of the condition of average, if there is an increase in the Loan Guarantee Amount over and above the Amount of Guarantee and such amounts are not guaranteed by MIGA at the time of the Loss, the Guarantee Holder shall only be entitled to recover such compensation hereunder for such proportion of any Loss as the Amount of Guarantee bears to the Loan Guarantee Amount.

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**ARTICLE 9. EXCLUSIONS**

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- 9.1 MIGA shall in no case be liable for any Loss which is due to:
- (a) the application of any law, decree or regulation in force in the Host Country as of the Effective Date or any action or inaction of the Host Government, or any other event occurring prior to the Effective Date;
  - (b) Corrupt Practices, Fraudulent Practices, Coercive Practices, Collusive Practices, Money Laundering, or violations of any bona fide non-discriminatory laws or regulations of general application not designed by the Host Government to have a confiscatory effect, in each case attributable to the Guarantee Holder or the Project Enterprise in connection with the Investment Project;
  - (c) the non-compliance by the Guarantee Holder or the Project Enterprise with MIGA's Environmental Policies and Guidelines that were in effect on the Effective Date in connection with the Investment Project;
  - (d) the use of Harmful Child Labor or Forced Labor in each case attributable to the Guarantee Holder, the Project Enterprise or the Investment Project in connection with the Investment Project;
  - (e) the breach by the Project Enterprise or the Guarantee Holder in any material respect of its obligations toward or assurances given to the Host Country in connection with the Investment Project; or
  - (f) any action or inaction of the Host Government that was agreed to by the Guarantee Holder or the Project Enterprise in connection with the Investment Project.

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**ARTICLE 10. CLAIMS DETERMINATION AND PAYMENT**

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10.1 A Claim shall demonstrate to MIGA's reasonable satisfaction the Guarantee Holder's right to compensation under the Contract. MIGA shall determine its liability to pay compensation for a Loss, and shall notify the Guarantee Holder of such determination, no later than 30 days from the later of:

- (a) the end of the applicable Waiting Period for each Covered Risk; and
- (b) the date that MIGA deems the Guarantee Holder's Claim to be complete.

10.2 MIGA shall pay compensation for a Loss within 30 days from the date it determines that it is liable to pay a Claim. MIGA shall pay Interest at LIBOR on any amount of compensation determined to be due but not paid at the end of such 30-day period, such liability being in lieu of any other liability as a result of such late payment.

10.3 MIGA shall have no liability for any Claim filed by the Guarantee Holder after 180 days from the end of the applicable Waiting Period for each Covered Risk.

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**ARTICLE 11. SUBROGATION**

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11.1 Upon payment of compensation by MIGA, MIGA immediately shall be fully subrogated, up to the amount of compensation paid by MIGA, to all claims, causes of action, recoveries and other rights the Guarantee Holder has against the Host Government, the Project Enterprise or any obligor in respect of the Covered Risk causing the Loss, and the Guarantee Holder shall take no action whatsoever to prejudice MIGA's rights of subrogation. Nothing in the Contract shall in any way be deemed to be a waiver of, or otherwise affect, any independent right of MIGA to effect salvage or other recoveries immediately under the Contract (without any obligation to share the proceeds thereof), through agreements between MIGA and the Host Government or any obligor.

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**ARTICLE 12. DUTIES OF GUARANTEE HOLDER**

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12.1 During the Guarantee Period, and during any period after the Guarantee Period in which the Guarantee Holder has a pending Claim, the Guarantee Holder shall, and shall cause the Project Enterprise to:

- (a) maintain and preserve: (i) audited accounts in accordance with International Accounting Standards; and (ii) any other material information relating to the Loan Guarantee Agreement, the Loan Agreement and the Investment Project;
- (b) promptly furnish MIGA with such accounts and information as MIGA may reasonably request from time to time and permit MIGA's duly authorized representatives to examine and make copies of audits, accounts, books, financial statements and any other material information relating to the Loan Guarantee Agreement, the Loan Agreement and the Investment Project whenever required or wherever located; and
- (c) within 30 days of such request, submit all material evidence reasonably available to it as MIGA may reasonably request from time to time to evaluate and process a Claim.

12.2 The Guarantee Holder covenants that it shall, and shall cause the Project Enterprise to:

- (a) comply with and abide by all laws and regulations of the Host Country in implementing the Investment Project, including environmental laws and regulations and those that protect core labor standards;
- (b) comply with MIGA's Environmental Policies and Guidelines in connection with the Investment Project;
- (c) refrain from, in connection with the Investment Project, employing Harmful Child Labor, using Forced Labor, engaging in Corrupt Practices, Fraudulent Practices, Coercive Practices, Collusive Practices, Obstructive Practices or Money Laundering;
- (d) immediately notify MIGA in writing upon learning of any event or circumstance that could cause, or materially increase the likelihood of, a Loss and any defaults (regardless of cause) on a Scheduled Payment or a Guaranteed Reimbursement Amount;

- (e) use all reasonable efforts to preserve and protect the Investment Project and take all measures, including such administrative, judicial, arbitral or other available remedies, to avert or, if a Covered Risk giving rise to a Loss occurs, minimize a potential Loss;
- (f) permit MIGA, or any authorized representative of MIGA, to examine the Investment Project;
- (g) waive no right, claim, cause of action or other remedy or accept any offer of compensation in respect of any Loss;
- (h) at MIGA's reasonable expense, cooperate fully with MIGA, and cause the Project Enterprise to cooperate, to the extent possible, in the administration, preservation and protection of assets acquired by MIGA, and in the prosecution of any rights, claims, causes of action and other interests obtained by MIGA, pursuant to Article 11; and
- (i) allow MIGA to conduct environmental and developmental monitoring of the Investment Project and the Project Enterprise, at MIGA's request.

12.3 The Guarantee Holder shall, throughout the Guarantee Period, remain eligible to receive coverage from MIGA in accordance with the Convention.

12.4 The Guarantee Holder shall not without the prior written consent of MIGA:

- (a) assign, transfer, or encumber any right under the Contract; or
- (b) amend, modify, supplement or waive any material rights or obligations with respect to the Loan Guarantee Agreement, the Loan Agreement, the Project Agreements or an Award, or transfer or assign any rights under the Loan, the Loan Agreement, the Loan Guarantee Agreement, the Project Agreements or an Award.

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## **ARTICLE 13. CONDITIONS FOR TERMINATION**

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13.1 Except as provided for under Sections 13.2, 13.3, 13.4, 13.5, 13.6 and 13.7, the Contract shall terminate at 11:59 PM, Washington, D.C. time, on the last day of the Guarantee Period. The rights and obligations under the Contract shall, however, extend to cover: (a) events of Loss commencing before the end of the Guarantee Period if the Date of Loss occurred during the Guarantee Period, even if a Claim is made after the Guarantee Period; and (b) with respect to Breach of Contract coverage under Article 6 of this Contract, events of Loss where the legal or arbitral proceedings leading to an Award are commenced before the end of the Guarantee Period but the Award is rendered after the Guarantee Period and a Claim is therefore made after the Guarantee Period, provided that the Claim is filed in writing with MIGA within a period of 18 months from the last day of the Guarantee Period.

### **Termination by Guarantee Holder**

13.2 The Guarantee Holder may terminate the Contract on any anniversary of the Effective Date by submitting to MIGA a Notice of Termination at least 30 days prior to such anniversary of the Effective Date.



13.3 If there is any termination of the Contract by the Guarantee Holder during the first three years of the Guarantee Period, the Guarantee Holder shall pay to MIGA 50 percent of the total Premium and Standby Option Fee, based on the Amount of Guarantee, that the Guarantee Holder would otherwise have paid during the remaining Contract Periods falling within the first three years of the Contract, had it not been for such termination. This payment shall not apply in cases of sale or assignment of the Guarantee Holder's rights under the Loan Guarantee Agreement to an unrelated third party.

13.4 MIGA shall not be liable to return to the Guarantee Holder any amount of the Premium and Standby Option Fee previously paid to MIGA if the Guarantee Holder terminates the Contract at any time during the Contract Period.

### **Termination by MIGA**

13.5 MIGA may terminate the Contract, without any further obligation under the Contract, effective as of the date specified in the Notice of Termination if:

- (a) the Guarantee Holder's warranty with respect to information material to a Covered Risk, including information contained in the Application for Guarantee, proves to be untrue in any material respect or the Guarantee Holder intentionally omits to provide such material information;
- (b) the Guarantee Holder violates the confidentiality provisions of Subsection 16.2(a) without MIGA's prior written consent; or
- (c) the Guarantee Holder is in non-compliance with any other responsibility or obligation specified under the Contract, other than for a default for non-payment of Premiums and Standby Option Fees under Section 13.6.

13.6 If the Guarantee Holder fails to pay the full amount of the total Premium and Standby Option Fees (including any Interest thereon) on the applicable Premium Due Date, and such failure continues for a period of 30 days after written notice to the Guarantee Holder of such nonpayment, MIGA may by Notice of Termination terminate the Contract as of 12:01 AM retroactively to the first day of the Contract Period for which Premium or Standby Option Fee have not been paid, it being agreed that MIGA shall have no liability to pay compensation for a Loss arising during any period in which any Premium or Standby Option Fee then due and payable remains unpaid.

13.7 MIGA shall have the right to terminate the Contract, without any further obligation, effective on the date of MIGA's Notice of Termination, if at any time as reasonably determined by MIGA, the Guarantee Holder or the Project Enterprise, as applicable, is:

- (a) in material violation of the laws and regulations of the Host Country with respect to the Loan Guarantee Agreement, the Loan Agreement or the Investment Project;
- (b) in material violation of MIGA's Environmental Policies and Guidelines in connection with the Investment Project;
- (c) employing Harmful Child Labor, using Forced Labor or engaging in Money Laundering in connection with the Investment Project; or

- (d) engaging in Corrupt Practices, Fraudulent Practices, Coercive Practices, Collusive Practices or Obstructive Practices in connection with the Investment Project;

provided, however, that MIGA may grant, at its sole discretion, a reasonable period of time to cure the foregoing situations.

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**ARTICLE 14. DISPUTE RESOLUTION AND APPLICABLE LAW**

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14.1 Any dispute between the Guarantee Holder and MIGA arising out of or in connection with the Contract shall be settled by final and binding arbitration in accordance with the Rules of Arbitration.

14.2 The arbitral tribunal constituted under the Rules of Arbitration shall apply the Contract, the Convention and, to the extent that issues in dispute are not covered by the Contract or the Convention, the arbitral tribunal shall apply general principles of law. The arbitration shall be conducted in Brussels, Belgium and the language of the arbitration shall be English.

14.3 The award of the arbitral tribunal shall be final and binding and shall be carried out without delay.

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**ARTICLE 15. COVERAGE ADJUSTMENTS AND PREMIUM PAYMENTS**

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15.1 The Amount of Guarantee shall be reduced for the remainder of the Guarantee Period by:

- (a) the amount of compensation paid on any Claim;
- (b) the Percentage of Cover of the amount of each repayment of principal of the Loan specified in Annex 2 (or if the Loan Guarantee Amount applies to less than all of the Loan, a pro rata portion thereof); and
- (c) the amount of any additional reduction irrevocably elected by the Guarantee Holder by delivery to MIGA not less than 30 days before the first day of any Contract Period of a notice in the form of Annex 6A to the Contract; provided, however, that such election may not reduce the Amount of Guarantee to below the Percentage of Cover of the Loan Guarantee Amount on the first day of such Contract Period specified in Annex 2, and provided, further, that in the case of any reduction elected under this subsection (c), a revised Special Conditions will be issued.

15.2 Where the Loan Guarantee Amount is increased, so long as no Covered Risk giving rise to a Loss has occurred, the Guarantee Holder may, by delivery to MIGA not less than 30 days before the first day of any Contract Period of a notice in the form of Annex 6B to the Contract, irrevocably elect to increase the Amount of Guarantee for such Contract Period and the remainder of the Guarantee Period by moving amounts from the Standby Option (Part IV of the Contract).

15.3 The Guarantee Holder shall pay to MIGA: (a) the Premium and Standby Option Fee due on each Premium Due Date; and (b) with respect to any amount thereof not paid on the Premium Due Date, such amount plus Interest thereon at LIBOR plus 3 percent.

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**ARTICLE 16. MISCELLANEOUS**

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**Notices**

16.1 Every notice, request, application, consent, approval or waiver, including the Notice of Termination, concerning the Contract shall be in writing and shall be made when it is delivered by hand, courier, certified mail, or facsimile when transmission has been completed, to the address for such party specified in Clause 17 of the Special Conditions.

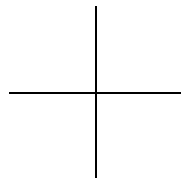
**Confidentiality**

- 16.2 (a) The Guarantee Holder shall not, without MIGA's prior written consent, at any time disclose any terms or conditions of the Contract, or any information made available by MIGA to the Guarantee Holder with respect thereto and designated as confidential, to any third party, other than government regulators in the country of the Guarantee Holder and the Guarantee Holder's lawyers, auditors, accountants, financial advisors, syndicate and prospective lenders and rating agencies.
- (b) Disclosure of the Contract to government regulators of the Host Country, unless required by enforcement of a law or regulation, will require MIGA's prior written consent, such consent not to be unreasonably withheld.
- (c) MIGA shall take all practicable measures to comply with any reasonable request of the Guarantee Holder to safeguard the confidentiality of all documents, data and other information received by MIGA and which is clearly labeled on its face as "Confidential". Notwithstanding the foregoing, in accordance with the policies specified in the Operational Regulations, MIGA may disclose certain information, including: (i) summary information relating to the Investment Project, including name and country of Guarantee Holder, the Host Country, the Loan, the Loan Agreement, the Loan Guarantee Agreement, the Amount of Guarantee and the Covered Risks for purposes of MIGA's annual and quarterly reports; and (ii) any environmental impact assessment reports provided to MIGA with respect to the Investment Project.

**Amendments and Waivers**

16.3 No provision of the Contract may be amended, modified, supplemented, or waived except in a written agreement executed by authorized representatives of the Guarantee Holder and MIGA.

16.4 Without prejudice to Article 34 of the Arbitration Rules, neither MIGA nor the Guarantee Holder shall be deemed to have waived any of its rights under the Contract, unless expressly so stated in a notice by the party waiving such a right to the other party.



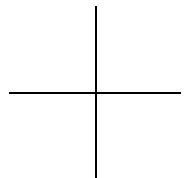
## **Part III – Amendments**

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**[NOT APPLICABLE TO THIS CONTRACT.]**

[The following additional provisions and amendments to the General Conditions of Guarantee for Loan Guarantees (Part II of the Contract) are hereby incorporated as Part III of the Contract:]

SAMPLE



## **Part IV – Standby Option (Commitment for Additional Coverage)**

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**[NOT APPLICABLE TO THIS CONTRACT.]**

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### **ARTICLE 1.**

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1.1 This Standby Option (Commitment for Additional Coverage) for increases in the Loan Guarantee Amount ("Standby Option") is incorporated into the Contract as Part IV.

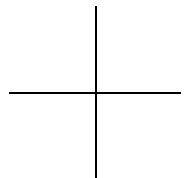
1.2 In accordance with Section 15.2 of the General Conditions, upon a written request by the Guarantee Holder and in accordance with the conditions hereinafter specified, MIGA hereby agrees that the Guarantee Holder may increase the Amount of Guarantee under the Contract, using the Standby Option amounts elected by the Guarantee Holder hereunder.

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### **ARTICLE 2.**

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2.1 In accordance with Section 15.2 of the General Conditions, the Amount of Guarantee under the Contract may be increased during the first [N/A] Contract Periods by a maximum amount of [N/A].



## **Annex 1 – MIGA’s Anti-Corruption Guidelines**

**(as in effect on October 15, 2006)**

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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 MIGA operations.

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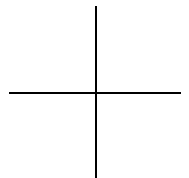
### **CORRUPT PRACTICES**

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

#### **Interpretation**

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.



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**FRAUDULENT PRACTICES**

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

**Interpretation**

1. 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.

2. 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 IFC<sup>1</sup>, MIGA, or PRG<sup>2</sup> 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 IFC, MIGA and PRG operations.

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**COERCIVE PRACTICES**

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

**Interpretation**

1. 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.

2. 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.

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**COLLUSIVE PRACTICES**

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

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<sup>1</sup> “IFC” means the International Finance Corporation, a member of the World Bank Group.

<sup>2</sup> “PRG” means the Partial Risk Guarantee operations conducted by the Project Finance Group of the International Bank for Reconstruction and Development.

**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.

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**OBSTRUCTIVE PRACTICES**

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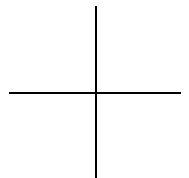
An “Obstructive Practice” is: (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a Corrupt, Fraudulent, Coercive or 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 (b) acts intended to materially impede MIGA’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 person 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.





## Annex 2 – Payment Schedule

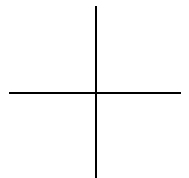
All capitalized terms used in this Annex 2 and not otherwise defined shall have their respective meanings specified in the Loan Agreement.

Specified below under the columns headed "Principal Payment" and "Interest Payment" are the Scheduled Payments with respect to the Loan Agreement evidencing the payments guaranteed under the Loan Guarantee Agreement in the amounts (or, with respect to variable rate interest, based on the rates) due on each Scheduled Payment Due Date, in Guarantee Currency:

Scheduled Payment Due Date	Principal Payment	Principal Balance	Interest Payment	Guaranteed Portion
, 20__	[ ]	[ ]	[ ]	[Variable]
, 20__	[ ]	[ ]	[ ]	[Variable]
, 20__	[ ]	[ ]	[ ]	[Variable]
, 20__	[ ]	[ ]	[ ]	[Variable]

*[Add for variable interest rate loans:]*

**(Note:** Interest amounts are to be determined for each Contract Period in accordance with the Loan Agreement).

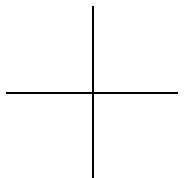


## **Annex 3 – Project Agreements and Contractual Obligations**

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[NOT APPLICABLE TO THIS CONTRACT.]

SAMPLE



## **Annex 4 – MIGA’s Environmental Policies and Guidelines**

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[NOT APPLICABLE TO THIS CONTRACT.]

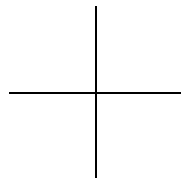
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[SUBTITLE OF ENVIRONMENTAL POLICY OR GUIDELINE]

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[To be supplied by MIGA for each Investment Project]

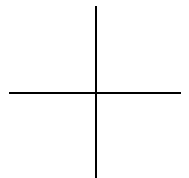
SAMPLE



## **Annex 5 – Calculation of Provisional Payment**

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1. The Guarantee Holder may submit a request for payment of a Provisional Payment to MIGA pursuant to Section 6.2 of the General Conditions any time after initiating arbitral or judicial proceedings against the Host Government.
2. An expert shall be appointed by the International Center for Expertise of the International Chamber of Commerce (ICC), at the request of the Guarantee Holder, and in accordance with the ICC Rules for Expertise in force at the time of submission to MIGA of a request for a Provisional Payment.
3. The expert will promptly evaluate the merits of the Guarantee Holder's claim. The findings of the expert shall be final and shall only be rendered for the purpose of assessing MIGA's obligation to pay a Provisional Payment to the Guarantee Holder. These findings shall not have the character of an Award.
4. If so established by the expert, within 60 days from the date of receipt of the findings made by the expert, MIGA shall pay a Provisional Payment to the Guarantee Holder in an amount specified in accordance with Section 6.2, provided that the Guarantee Holder has complied with its obligations under Section 6.2.
5. Pursuant to Section 6.2, the amount of the Provisional Payment shall be a percentage of the amount which may be owed to the Guarantee Holder or the Project Enterprise, subject to compliance by the Guarantee Holder of the requirements specified in Subsection 6.2(c).
6. All fees and expenses incurred by the expert and all administrative costs incurred by the International Center for Expertise of the ICC in connection with the assessment of a Provisional Payment, will be borne and paid by the Guarantee Holder in accordance with the ICC Rules for Expertise in force at the time of submission to MIGA of a request for a Provisional Payment by the Guarantee Holder.
7. Any documents prepared or produced, determinations made, or decisions taken in connection with the Provisional Payment shall not be used as evidence, or for any other purposes, in any proceedings, except with written authorization by MIGA.



## Annex 6A – Form of Notice of Reduction in Amount of Guarantee

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*Must be dated and received by MIGA not less than 30 days  
before the first day of applicable Contract Period.*

[Date]

Attn: Contract Management and Portfolio Services  
MIGA Finance and Risk Management Group

Multilateral Investment Guarantee Agency  
1818 H Street, NW  
Washington, DC 20433  
United States of America

By Facsimile: (202) 522-2630

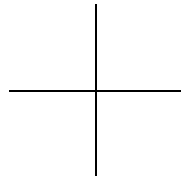
Ladies and Gentlemen:

Re: Contract of Guarantee No. [\_\_\_\_\_] dated [\_\_\_\_], 20[\_\_\_], (the “**Contract of Guarantee**”) between the Multilateral Investment Guarantee Agency (“**MIGA**”) and [\_\_\_\_\_] (the “**Guarantee Holder**”).

All capitalized terms used herein and not otherwise defined shall have their respective meanings specified in the Contract of Guarantee.

The Guarantee Holder hereby certifies as follows:

1. The Amount of Guarantee as of the date hereof is [in Guarantee Currency] [\_\_\_\_\_].
2. The first day of the upcoming Contract Period is [\_\_\_\_], 20[\_\_\_], on which date the Loan Guarantee Amount will be [in Guarantee Currency] [\_\_\_\_\_]. *[Must be consistent with principal balance shown in Payment Schedule.]*



3. In accordance with Section 15.1 of the General Conditions, the Guarantee Holder irrevocably elects to reduce the Amount of Guarantee as of the first day of the upcoming Contract Period, for such Contract Period and the remainder of the Guarantee Period, so that as of such first day of the upcoming Contract Period: (a) the Amount of Guarantee shall be [in Guarantee Currency] [\_\_\_\_\_]; and (b) the remaining Standby Option (Part IV of the Contract) shall be [in Guarantee Currency] [\_\_\_\_\_]. [*Must be not less than the Loan Guarantee Amount shown in Section 2 above.*]

Sincerely,

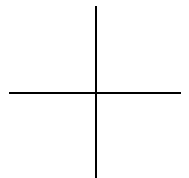
[NAME OF GUARANTEE HOLDER]

By: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
Authorized Representative  
(name and title)

\_\_\_\_\_  
(place and date)

SAMPLE



By its countersignature below, and in reliance upon the accuracy of the certifications of the Guarantee Holder specified above, MIGA agrees that as of the first day of the upcoming Contract Period the Amount of Guarantee and the remaining Standby Option (Part IV of the Contract) shall be as specified in Section 3 above.

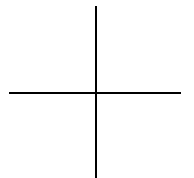
**ACCEPTED AND AGREED BY**

**MULTILATERAL INVESTMENT  
GUARANTEE AGENCY**

By: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
Authorized Representative  
(name and title)

\_\_\_\_\_  
(place and date)



## Annex 6B – Form of Notice of Increase in Amount of Guarantee

---

*Must be dated and received by MIGA not less than 30 days  
before the first day of applicable Contract Period.*

[Date]

Attn: Contract Management and Portfolio Services  
MIGA Finance and Risk Management Group

Multilateral Investment Guarantee Agency  
1818 H Street, NW  
Washington, DC 20433  
United States of America

By Facsimile: (202) 522-2630

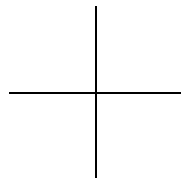
Ladies and Gentlemen:

Re: Contract of Guarantee No. [\_\_\_\_\_] dated [\_\_\_\_], 20[\_\_\_], (the “**Contract of Guarantee**”) between the Multilateral Investment Guarantee Agency (“**MIGA**”) and [\_\_\_\_\_] (the “**Guarantee Holder**”).

All capitalized terms used herein and not otherwise defined shall have their respective meanings specified in the Contract of Guarantee.

The Guarantee Holder hereby certifies as follows:

1. The Amount of Guarantee as of the date hereof is [in Guarantee Currency] [\_\_\_\_\_]. The contingent liability of the Guarantee Holder under the Loan Guarantee Agreement as of the date hereof is [in Guarantee Currency] [\_\_\_\_\_].
2. The first day of the upcoming Contract Period is [\_\_\_\_], 20[\_\_\_]. The Loan Guarantee Amount as of such first day of such upcoming Contract Period will be [in Guarantee Currency] [\_\_\_\_\_]. Attached hereto is a revised Annex 2 itemizing with respect to the Loan Agreement the Scheduled Payment Due Dates and amounts of each Scheduled Payment, evidencing the payments guaranteed under the Loan Guarantee Agreement.





3. No Covered Risk giving rise to a Loss has occurred as of the date hereof, and in accordance with Subsection 12.2(d) of the General Conditions, the Guarantee Holder has notified MIGA in writing upon learning of any event or circumstance prior to the date hereof that could cause, or materially increase, the likelihood of a Loss, and any defaults (regardless of cause) on a Scheduled Payment or a Guaranteed Reimbursement Amount.

4. In accordance with Section 15.2 of the General Conditions, the Guarantee Holder irrevocably elects to increase the Amount of Guarantee as of the first day of the upcoming Contract Period, for such Contract Period and the remainder of the Guarantee Period, by moving [in Guarantee Currency] [\_\_\_\_\_] from the Standby Option (Part IV of the Contract), so that as of such first day of the upcoming Contract Period: (a) the Amount of Guarantee shall be [in Guarantee Currency] [\_\_\_\_\_]; and (b) the remaining Standby Option (Part IV of the Contract) shall be [in Guarantee Currency] [\_\_\_\_\_].

Sincerely,

**[NAME OF GUARANTEE HOLDER]**

By:

\_\_\_\_\_

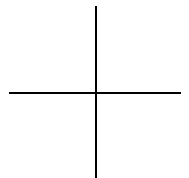
(signature)

\_\_\_\_\_

Authorized Representative  
(name and title)

\_\_\_\_\_

(place and date)



By its countersignature below, and in reliance upon the accuracy of the certifications of the Guarantee Holder specified above, MIGA agrees that as of the first day of the upcoming Contract Period the Amount of Guarantee and the remaining Standby Option (Part IV of the Contract) shall be as specified in Section 4 above.

**ACCEPTED AND AGREED BY**

**MULTILATERAL INVESTMENT  
GUARANTEE AGENCY**

By: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
Authorized Representative  
(name and title)

\_\_\_\_\_  
(place and date)

