



LOAN AGREEMENT

**POLYCLINIC UPGRADE AND REFURBISHMENT OF PRIMARY
HEALTH CARE SYSTEM PROJECT**

BETWEEN

THE SAUDI FUND FOR DEVELOPMENT

AND

THE GOVERNMENT OF BARBADOS

LOAN NO. : 1/853

SIGNED ON: 5/02/1447 A.H.

CORRESPONDING TO: 30/07/2025 A.D.



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LOAN AGREEMENT

AGREEMENT dated 5/02/1447 A.H. corresponding to 30/07/2025 A.D.

between

- 1) THE SAUDI FUND FOR DEVELOPMENT, Riyadh, Kingdom of Saudi Arabia (hereinafter called the "**Fund**");
and
 - 2) THE GOVERNMENT OF BARBADOS (hereinafter called the "**Borrower**").
- Each a party of this Agreement, collectively referred to as the parties.

PREAMBLE

- (A) WHEREAS the Borrower has requested the Fund to grant it a Loan to assist in the financing the Polyclinic Upgrade and Refurbishment of Primary Health Care System Project described in Schedule No. (2) to this Agreement (hereinafter called the Project) ;
- (B) WHEREAS the Borrower has allocated an amount equivalent to six million five hundred thousand (6,500,000) U.S. Dollars for financing part of the Project;
- (C) WHEREAS the purpose of the Fund is to assist developing countries in developing their economies and to provide them with loans required for the implementation of their development projects and programs;
- (D) WHEREAS the Fund is convinced of the importance of the Project and its beneficial effects for the economic development of the friendly people of The Government of Barbados.
- (E) WHEREAS the Board of Directors of the Fund has agreed, in view of the foregoing, by its Resolution No.4/137/2467 to grant the Borrower a Loan on the terms and conditions hereinafter set forth.

* * * * *

Now Therefore the parties hereto hereby agree as follows:

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ARTICLE I
General Conditions - Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan Agreements of the Fund, issued by Resolution of the Board of Directors of the Fund No.11/14 dated 1396/7/29AH corresponding to 1976/07/26AD with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan Agreements of the Fund being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the term "**The Executing Agency** " means Ministry of Health and Wellness, in charge of the execution of the Project or any agency designated by the Borrower.

ARTICLE II
The Loan

Section 2.01. The Fund agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, a Loan in an amount of two hundred nineteen million, three hundred and seventy-five thousand (219,375,000) Saudi Riyals.

Section 2.02. The amount of the Loan may be withdrawn by the Borrower from the Loan Account in accordance with the provisions of Schedule No.(1) to this Agreement, as such Schedule may be amended from time to time by agreement between the Fund and the Borrower, and in accordance with the Procedures for the Withdrawals of the Saudi Fund for Development Loans, for expenditures made (or, if the Fund shall so agree, to be made) in respect of the cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03. The Borrower shall apply the proceeds of the Loan exclusively to finance the reasonable cost of the goods and services required for the carrying out of the Project. Procurement of such goods and services shall be in accordance with The Guidelines for The Procurement of Goods and Contracting for the Execution of Works and the Use of Consultants of the Development Institutions Members of the Coordination Group. The Borrower shall obtain the Fund's approval before awarding the contracts to be financed out of the proceeds of the Loan and before effecting any material modification thereto in the future.

Section 2.04. The Closing Date shall be 31/12/2029 or such later date as shall be determined by the Fund. The Fund shall forthwith notify the Borrower of such later date.

 
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Saudi Fund for Development

Section 2.05. The Borrower shall pay a Loan Charge at the rate of three and a half percent (3.5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Loan Charge, and other charges if any, shall be payable semi-annually on 15 April and 15 October in each year.

Section 2.07. The term of the Loan is twenty years including a five year grace period. The Borrower shall repay the principal amount of the Loan in accordance with the Amortization Schedule set forth in Schedule No. (3) to this Agreement.

Section 2.08. (a) Following the occurrence of: (1) any Caribbean Earthquake Event, Caribbean Tropical Cyclone Event, Covered Area Rainfall Event (each as defined in the CCRIF Policy) in respect of which a Policy Payment has been made to the Borrower; or (2) a Pandemic Event, (each an "Event") and subject to paragraph (c) below, the Borrower may elect to defer payment of the Deferred Payment Amounts on a Deferral Date by delivering a deferral request to the Fund in accordance with the terms of this Section 2.08. Any such Deferred Payment Amounts shall remain outstanding and shall continue to accrue Loan Charge.

(b) Beginning with the next Loan Charge payment date following the end of the relevant Deferral Period (which, for the avoidance of doubt, shall be the Loan Charge payment date falling two years after the relevant Deferral Date), each remaining principal amortization of the Loan will be increased by an amount equal to the principal that was deferred on the Deferral Date, in each case, taking into account the number of remaining principal amortization payments of the Loan.

(c) The Borrower shall only be entitled to defer payment of Deferred Payment Amounts during a Deferral Period following the occurrence of an Event if all of the following conditions are satisfied in connection with an Event that is not a Pandemic Event: (1) the CCRIF Policy is in full force and effect and CCRIF has issued a written report confirming that the Event is an Insured Event in respect of which a Policy Payment has been made to the Borrower; and (2) the Policy Payment to the Borrower resulting from the Event is, or is reasonably expected to be, greater than USD 5 million (or its equivalent in any other currency or currencies) in the case of a Caribbean Earthquake Event or Covered Area Rainfall Event or USD 7.5 million (or its equivalent in any other currency or currencies) in the case of a Caribbean Tropical Cyclone Event.

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(d) following receipt by the Fund of a Deferral Claim the Fund shall update the Amortization Schedule to reflect the deferral of the relevant Deferred Payment Amount and shall promptly provide notice thereof to the Borrower.

For the purposes of this Section 2.08.:

"Caribbean Earthquake Event", "Caribbean Tropical Cyclone Event", "Covered Area Rainfall Event", "Coverage Limit", "Exhaustion Point", "Insured Event", "Policy Payment" and "Rainfall Index Loss" have the meanings given to such terms in the CCRIF Policy.

"CCRIF" means CCRIF SPC (formerly, the Caribbean Catastrophe Risk Insurance Facility), or any successor thereof, with whom the Government of Barbados has entered into the CCRIF Policy.

"CCRIF Policy" means the Parametric Insurance Contract dated 1 June 2024 which the Government of Barbados has entered into with CCRIF to insure against risks of earthquake, tropical cyclones and excess rainfall, including any documents incorporated by reference therein and any attachments, annexes, appendices or supplements thereto (including but not limited to the applicable coverage summary and associated loss curve data spreadsheet), as such CCRIF Policy may be amended or supplemented from time to time.

"Deferral Date" means the next Loan Charge payment date (the "Relevant Payment Date") after the date of the relevant deferral request, provided that if the Relevant Payment Date occurs on or prior to the date falling 16 days after the date of the relevant deferral request, then the Deferral Date shall instead be the next Loan Charge payment date that follows such Relevant Payment Date.

"Deferral Period" means the period from (and including) a Deferral Date to (but excluding) the date falling two years after such Deferral Date.

"Deferred Payment Amount" means such portion of the principal amortizations falling due on the Loan during the Deferral Period as the Borrower may elect, which may be 10%, 25%, 50% or 100% of such principal amortizations.

"Pandemic Event" means the occurrence of the following sequence of events after the date of this Agreement (1) the World Health Organisation (the "WHO") declares a Public Health Emergency of International Concern ("PHEIC") (as defined in the International Health Regulations of the WHO) with respect to any disease that grants such disease phase 6 status, or any other categorisation as the WHO may use to describe an active ongoing pandemic from time to time (a "PHEIC")(excluding the continuation of the COVID-19 pandemic in the form of the current variants of COVID-19 existing as of the date of this Agreement);

(2) the Government of Barbados or any other competent political or regulatory sub-division thereof declares a state of public health emergency with respect to any PHEIC declared under (1) above; and (3) either:

(i) the occurrence of a Real GDP contraction over two consecutive quarters, which in aggregate results in a contraction of at least 5% of Real GDP relative to the same two quarters in the previous fiscal year (based on estimated realized GDP at constant prices for the current year and provisional realized GDP at constant prices for the prior year, as published by the Central Bank of Barbados and reported to at least two of: the IMF, the World Bank and IDB; and/or

(ii) the events described in (1) and (2) above result in the Government of Barbados approving and enacting an increase in governmental spending (that is not rescindable) (the "Pandemic Increased Spending") directly relating to the relevant PHEIC (and the measures taken by the Government of Barbados in response thereto) directly relating to the relevant PHEIC that is at least equal to US\$18,750,000.

For the purposes of paragraph (3)(ii) above, any reduction in budgeted government spending as a result of payments due under this Agreement being deferred as a result of a Pandemic Event occurring shall be disregarded when determining whether Pandemic Increased Spending has been approved and enacted.

"Real GDP" means the gross domestic product of Barbados at constant prices as adjusted for inflation.

(e) The following additional terms shall apply to any deferral under this Section 2.08:

1. During the Deferral Period, the deferral shall apply to the principal amount only.
2. This Section may only be applied if the Borrower has a satisfactory credit record and has met all payment obligations on time without delays.
3. Deferral requests may not exceed two (2) times over the entire life of the Loan.
4. Late Payment Charge if the Borrower fails to pay when any payment is due under this Agreement, and such failure continues for more than thirty (30) days after the due date, a late payment charge penalty of five percent (5%) per annum shall be applied and shall accrue on the overdue amount starting from the original due date until the date of actual payment. Any interest accruing under this paragraph shall be immediately payable by the Borrower upon demand by the Fund.

ARTICLE III
Execution of the Project

Section 3.01. (a) The Borrower shall carry out the Project through **The Executing Agency** with due diligence and efficiency, and in conformity with appropriate engineering, financial and administrative practices and shall provide or cause to be provided, promptly as needed, the funds, facilities and other resources required for the purpose.

(b) Without limiting the generality of Paragraph (a) of this section, the Borrower shall (1) provide, promptly and as and when needed, in addition to the proceeds of this Loan, all other funds which shall be required for carrying out the Project (including any funds that may be required to meet any increase in the cost of the project beyond the estimated cost thereof at the time of signing this Agreement), all such sums shall be made available on terms and conditions acceptable to the Fund; (2) undertake to make adequate annual budgetary allocations to meet its share of the Project costs.

Section 3.02. The Borrower shall cause **The Executing Agency** to furnish to the Fund promptly upon their preparation, the plans specifications, reports, contract documents and construction and procurement schedules for the Project, and any modifications thereof or additions thereto in such details as the Fund shall reasonably request.

Section 3.03. The Borrower shall cause **The Executing Agency** to employ qualified and experienced Saudi consultants acceptable to the Fund in order to assist in project tendering and supervision of the execution of the Project.

Section 3.04. The Borrower shall cause **The Executing Agency** to employ Saudi suppliers and contractors acceptable to the Fund upon terms and conditions satisfactory to the Fund.

Section 3.05. The Borrower shall cause **The Executing Agency** to employ Saudi materials acceptable to the Fund upon terms and conditions satisfactory to the Fund.

Section 3.06. The Borrower shall cause **The Executing Agency** to insure or make adequate provision for the insurance of the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance, any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 3.07. The Borrower shall cause **The Executing Agency** to utilize all goods and services financed out of the proceeds of the Loan exclusively in carrying out of the Project.

Section 3.08. The Borrower shall cause "The Executing Agency":

- i) to maintain records adequate to show the progress of the Project (including the cost thereof), to identify the goods and services financed out of the proceeds of the Loan and to disclose the use thereof in the Project and to reflect all the operations, resources and expenditures in respect of the Project;
- ii) to afford all reasonable opportunity for the accredited representatives of the Fund to make visits for purposes related to the Loan, to examine the Project, the goods and services financed out of the proceeds of the Loan and any relevant records and documents;
- iii) to furnish to the Fund all such information as the Fund shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan, and the goods and services financed out of such proceeds.

Section 3.09. The Borrower shall take all such actions as shall be necessary to acquire all such land and rights in respect of land as shall be required for the carrying out of the Project.

Section 3.10. The Borrower shall cause **The Executing Agency** to appoint a **Project Executing Unit (PEU)** which comprises individuals that have high qualification and experience in all administrative and technical specialties necessary to coordinate and follow-up the activities of the execution of the Project.

ARTICLE IV
Particular Covenants

Section 4.01. (a) The Borrower and the Fund confirm their agreement that no other external debt shall enjoy any priority over the Loan by way of a lien created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto and at no cost to the Fund equally and ratably secure the payment of the principal of the Loan, the Loan Charge and other charges on the Loan, and that in the creation of any such lien express provision will be made to that effect.

(b) The undertaking provided for in Paragraph (a) of this Section shall not apply to :

- i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.
- ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or

- iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 4.02. The Borrower shall cause **The Executing Agency** to maintain the project in accordance with proper engineering standards and shall provide the necessary funds thereof in its annual budget. The Borrower shall cause **The Executing Agency** to furnish to the Fund, as and when required, a program for the said maintenance.

Section 4.03. The Borrower shall maintain or cause to be maintained adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of **The Executing Agency** and other departments and agencies of the Borrower responsible for carrying out the Project or any part thereof.

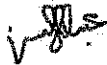
Section 4.04. The Borrower undertakes to cause **The Executing Agency** to make a Commemorative Plaque of suitable dimensions from cement or any suitable metal to be fixed in a conspicuous place in one of the facilities included in the Project, to show the contribution of the Fund in the financing of the Project.

Section 4-05. The Borrower shall consider all documents, records, and correspondence of the Fund confidential and providing the Fund with complete immunity in the borrowing country regarding the control and inspection of publications.

Section 4-06. The Borrower shall exempt all the assets of the Fund in the borrowing country from confiscation, nationalization, custody of all kinds, seizure, and appropriation.

Section 4-07. The Borrower shall exempt all project-related Fund transactions in the borrowing country from all taxes, fees, and other official costs of any kind.

Section 4.08. Promptly after completion of the Project, but in any event not later than six months after the Closing Date, or such later date as the Fund may agree for this purpose, the Borrower shall prepare and furnish to the Fund a complete Project report, in such form and in such detail as the Fund shall reasonably request, on the execution and initial operation of the Project, its costs and the benefits derived and to be derived therefrom, the performance by the Borrower of its obligations under the Loan Agreement and the achievement of the objectives of the Loan.



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ARTICLE V
Remedies of the Fund

Section 5.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified pursuant to Paragraph (f) thereof :


- (a) Subject to Sub-Section (b) of this Section :
- i) the right of the Borrower to withdraw the proceeds of any loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing thereof, or
 - ii) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (b) Sub-Section (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Fund that (1) such suspension, cancellation, termination or premature is not caused by the failure of the Borrower to perform any of its obligation under the specific agreement, and (2) adequate funds for the Project are available to the Borrower from other sources on the terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following event is specified pursuant to paragraph (d) thereof, namely any event specified in paragraph (a) (ii) of Section 5.01 of this Agreement shall occur.

ARTICLE VI
Effectiveness Date - Termination

Section 6.01. The period of six months from the date of the signing of this Loan Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.02. The Original Legal Opinion Documents will be accepted in English or Translated to English or Arabic Language only.

Handwritten signature and initials in Arabic script.

ARTICLE VII
Representative of the Borrower, Addresses

Section 7.01. The Minister of Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purpose of Section 11.01 of the General Conditions:

FOR THE FUND:

The Saudi Fund for Development
P.O.Box 50483
Riyadh 11523
Kingdom of Saudi Arabia
Telephone : +966-11-2794000
Fax : +966-11-4647450
Email : info@sfd.gov.sa

FOR THE BORROWER:

Ministry of Finance
The Government of Barbados
Tel: 1(246) 535-5336
Email: Barbadosloans@barbados.gov.bb

FOR THE EXECUTING AGENCY:

Ministry of Health and Wellness
The Government of Barbados
Tel: +1 (246) 536-3802
Email: pshealth@health.gov.bb/wayne.marshall@health.bb



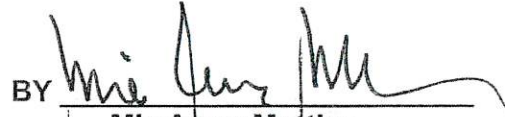
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names, as of the day and year first above written, in two counterparts in Arabic and English language, each of which shall be an original, and a copy of the General Conditions in the English language has been given to the Borrower.

FOR
The Saudi Fund for Development



BY _____
Sultan A. Almarshad
Chief Executive Officer

FOR
The Government of Barbados



BY _____
Mia Amor Mottley
Prime Minister of Barbados
and Minister of Finance

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SCHEDULE NO.(1)
Withdrawal of the Proceeds of the Loan

(A) The table below sets forth the categories of items to be financed out of the proceeds of the Loan, the allocation of the amount of the Loan to each category and the percentage of expenditures for items so to be financed in each category:

Category	Amount of the loan Allocated (in Saudi Riyals)	Percentage of Expenditures to be Financed
1. Civil Works (The component "1" of the project)	165,000,000	100% of total expenditure
2. Equipment (The component "2" of the project)	26,250,000	70% of total expenditure
3. Consulting services (The component "3" of the project)	12,187,500	100% of total expenditure
4. Contingency	15,937,500	
Total	219,375,000	

(B) Notwithstanding the provisions of Paragraph (A) above no withdrawal shall be made in respect of payments made for:

- 1) Expenditures prior to the date of this Agreement.
- 2) Taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof. Such taxes shall be for the account of, and shall be paid by, the Borrower and, all tax exemptions if any, in connection with the execution of the Project, shall be made according to the prevailing tax laws of the Borrower.

(C) Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in Paragraph (A) above, if the Fund has reasonably estimated that the amount of the Loan then allocated to the Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Fund may, by notice to the Borrower:

- (i) reallocate to such category, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then unallocated or allocated to another category and which in the opinion of the Fund are not needed to meet other expenditures and;
- (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under the category may continue until all expenditures there under shall have been made.

SCHEDULE NO.(2)
Description of the Project

The project aims to develop healthcare centers, provide high-quality healthcare, and expand primary healthcare services in the country, leading to reduced disease, disability, and mortality rates. The project will also facilitate citizen access to these centers.

The project consists of the following components:

- 1) **Construction:**
Construction of two new specialized primary care clinics with external parking space for both clinics.
- 2) **Refurbishment:**
Additionally, the rehabilitation and development of 7 other primary care clinics with external parking spaces. The clinics will include several types but are not limited to:
 - A) General clinics.
 - B) Specialized clinics.
 - C) Maternal and child clinics.
 - D) Sexual health clinics.
 - E) COVID-19 clinics.
 - F) Support clinics.
 - G) Emergency clinics.
- 3) **Equipment:**
Equipping the nine polyclinics (the 2 new polyclinics and the 7 refurbished polyclinics) with necessary medical equipment and supplying furniture for the clinics and offices.
- 4) **Consulting services:**
Consulting services include design preparation and review, Tendering preparation, and project implementation supervision.
- 5) **Project Executing Unit (PEU):**
Includes monitoring the implementation of project work.

* * * * *



The total cost of the project is about (65) Million US dollar, which is equal to (243.75) Million Saudi Riyals, and it is expected to be completed by the end of 2028.





SCHEDULE NO.(3)
Amortization Schedule

Installment No.	Due date	Amount
1	15/10/2030	7,312,000
2	15/04/2031	7,312,000
3	15/10/2031	7,312,000
4	15/04/2032	7,312,000
5	15/10/2032	7,312,000
6	15/04/2033	7,312,000
7	15/10/2033	7,312,000
8	15/04/2034	7,312,000
9	15/10/2034	7,312,000
10	15/04/2035	7,312,000
11	15/10/2035	7,312,000
12	15/04/2036	7,312,000
13	15/10/2036	7,312,000
14	15/04/2037	7,312,000
15	15/10/2037	7,312,000
16	15/04/2038	7,312,000
17	15/10/2038	7,312,000
18	15/04/2039	7,312,000
19	15/10/2039	7,312,000
20	15/04/2040	7,312,000
21	15/10/2040	7,312,000
22	15/04/2041	7,312,000
23	15/10/2041	7,312,000
24	15/04/2042	7,312,000
25	15/10/2042	7,312,000
26	15/04/2043	7,312,000
27	15/10/2043	7,312,000
28	15/04/2044	7,312,000
29	15/10/2044	7,312,000
30	15/04/2045	7,327,000
Total		219,375,000

The Saudi Fund For Development

RIYADH, THE KINGDOM OF SAUDI ARABIA



**General Conditions
Applicable to
Loan Agreements**

Issued by Resolution No. 11/14 of the Board of Directors of the Fund
dated Rajab 29, 1396 A.H.
Corresponding to July 26, 1976 A.D.

Kingdom of Saudi Arabia
The Saudi Fund for Development

**GENERAL CONDITIONS APPLICABLE
TO LOAN AGREEMENTS**

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General Conditions Applicable to Loan Agreements

ARTICLE I

Application of General Conditions to Loan Agreements

Section 1.01. Application of General Conditions. These General Conditions set forth certain terms and conditions generally applicable to loans made by The Saudi Fund for Development. They shall apply to any loan agreement providing for any such loan to such extent as shall be provided in such agreement.

Section 1.02. Inconsistency with Loan Agreements. If any provision of a loan agreement is inconsistent with a provision of these General Conditions, the provision of the loan agreement shall govern.

ARTICLE II

Definitions; Headings

Section 2.01. Definitions. The following terms have the following meanings wherever used in these General Conditions:

1. The term Fund means The Saudi Fund for Development.
2. The term Loan Agreement means the particular loan agreement to which these General Conditions shall have been made applicable, as such agreement may be amended from time to time; and such term includes these General Conditions as thus made applicable, all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement.
3. The term Loan means the loan provided for in the Loan Agreement.
4. The term Borrower means the State whose Government is a party to the Loan Agreement.
5. The terms Saudi Riyals and Riyals mean the currency of the Kingdom of Saudi Arabia.
6. The term Loan Account means the account opened by the Fund on its books in the name of the Borrower to which the amount of the Loan is credited.

7. The term **Project** means the project or program for which the Loan is granted, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Fund and the Borrower.
8. The term **goods** means equipment, supplies, works and other services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.
9. The term **Effective Date** means the date on which the Loan Agreement shall come into force and effect as provided in Section 12.03.
10. The term **taxes** includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Loan Agreement or thereafter imposed.
11. The term **Closing Date** means the date specified in the Loan Agreement as of which the Fund may by notice to the Borrower terminate the right of the Borrower to withdraw from the Loan Account any amount theretofore unwithdrawn.

Section 2.02. References. References in these General Conditions to articles or sections are to Articles or Sections of these General Conditions.

Section 2.03. Headings. The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these General Conditions.

ARTICLE III

Loan Account; Loan Charge and Other Charges; Repayment; Place of Payment

Section 3.01. Loan Account. The amount of the Loan shall be credited to the Loan Account and may be withdrawn therefrom by the Borrower as provided in the Loan Agreement and in these General Conditions and in accordance with the procedures for withdrawal determined by the Fund.

Section 3.02. Loan Charge and Other Charges. (a) The Borrower shall pay a loan charge at the rate specified in the Loan Agreement on the principal amount of the Loan withdrawn and outstanding from time to time. The loan charge shall accrue from the respective dates on which amounts shall be so withdrawn.

(b) The Borrower shall pay an additional charge at the rate of one-half of one percent (1/2 of 1 %) per annum on the principal amount of any special commitment entered into by the Fund pursuant to Section 5.02 and outstanding from time to time.

Section 3.03. Computation of Loan Charge and Other Charges. Loan charge and all other charges shall be computed on the basis of a 360-day year of twelve 30-day months for any period less than a year.

Section 3.04. Repayment. (a) The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule to the Loan Agreement.

(b) The Borrower shall have the right, upon payment of all accrued loan charge and all other charges, and upon not less than forty-five day's notice to the Fund, to repay in advance of maturity (i) all of the principal amount of the Loan at the time outstanding, or (ii) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

Section 3.05. Place of Payment. The principal of, and loan charge and other charges on, the Loan shall be paid at such places as the Fund shall determine.

ARTICLE IV

Currency Provisions

Section 4.01. Currency in which Withdrawals are to be Made. (a) Withdrawals of the proceeds of the Loan shall be made in Saudi Riyals.

(b) The Fund, at the request, and acting as an agent, of the Borrower, shall purchase with Riyals withdrawn from the Loan Account such currencies as shall be required to meet payment to be financed out of the proceeds of the Loan, provided that such currencies are used by the Saudi Arabian Monetary Agency in its transactions.

Section 4.02. Currency in which Principal, Loan Charge and Other Charges are Payable. (a) The principal of the Loan and loan charge and other charges thereon shall be payable in Saudi Riyals.

(b) The Fund, at the request, and acting as an agent, of the Borrower, shall purchase the Riyals needed by the Borrower for repayment of principal, and payment of loan charge and other charges required under the Loan Agreement upon timely payment by the Borrower of sufficient funds therefor in a currency or currencies acceptable to the Fund. The Borrower shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Fund has received payment in Riyals.

Section 4.03. Valuation of Currencies. Whenever it shall be necessary for the purposes of the Loan Agreement to determine the value of one currency in terms of another, such value shall be as determined by the Saudi Arabian Monetary Agency.

ARTICLE V

Withdrawal of Proceeds of Loan

Section 5.01. Withdrawal from the Loan Account. The Borrower shall be entitled to withdraw from the Loan Account the equivalent in Riyals of the amounts expended or, if the Fund shall so agree, amounts to be expended for the Project in accordance with the provisions of the Loan Agreement and of these General Conditions, and subject to the rules and procedures prescribed by the Fund.

Section 5.02. Special Commitment by the Fund. Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Fund and the Borrower, the Fund may enter into special commitments in writing to pay amounts to the Borrower or others in respect of expenditures to be financed under the Loan Agreement notwithstanding any subsequent suspension or cancellation by the Fund or the Borrower pursuant to Article VI.

Section 5.03. Applications for Withdrawal or for Special Commitment. When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Fund to enter into a special commitment pursuant to Section 5.02, the Borrower shall deliver to the Fund a written application in such form, and containing such statements and agreements, as the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall be made promptly in relation to expenditures for the Project.

Section 5.04. Documents Evidencing the Authority to Sign Applications for Withdrawal. The Borrower shall furnish to the Fund evidence of the authority of the person or persons authorized to sign applications for withdrawal and the authenticated specimen signature of any such person.

Section 5.05. Supporting Evidence. The Borrower shall furnish to the Fund such documents and other evidence in support of the application as the Fund shall request. The Fund shall have the right to request any further document or evidence whether before or after the Fund shall have permitted any withdrawal requested in the application.

Section 5.06. Sufficiency of Applications and Documents. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Fund that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account is to be used only for the purposes specified in the Loan Agreement.

Section 5.07. Payment by the Fund of the Amounts Withdrawn. The Fund shall pay the amounts withdrawn by the Borrower from the Loan Account only to or on the order of the Borrower.

ARTICLE VI

Cancellation and Suspension

Section 6.01. Cancellation by the Borrower. The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Fund shall have entered into a special commitment pursuant to Section 5.02.

Section 6.02. Suspension by the Fund. If any of the following events shall have occurred and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account:

- (a) The Borrower shall have failed to make payment of principal or loan charge or any other payment required under the Loan Agreement, or any other loan agreement between the Fund and the Borrower.

- (b) The Borrower shall have failed to perform any other obligation under the Loan Agreement.
- (c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Fund and the Borrower because of a failure by the Borrower to perform any of its obligations under such agreement.
- (d) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Borrower will be able to perform its obligations under the Loan Agreement.
- (e) After the date of the Loan Agreement and prior to the Effective Date any event shall have occurred which would have entitled the Fund to suspend the Borrower's right to make withdrawals from the Loan Account if the Loan Agreement had been effective on the date such event occurred.
- (f) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to suspension shall have ceased to exist, unless the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

Section 6.03. Cancellation by the Fund. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of sixty days, or (b) at any time the Fund determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's costs to be financed out of the proceeds of the Loan, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Fund may by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

Section 6.04. Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Fund. No cancellation or suspension by the Fund shall apply to amounts subject to any special commitment entered into by the Fund pursuant to Section 5.02 except as expressly provided in such commitment.

Section 6.05. Application of Cancellation to Maturities of the Loan. Except as otherwise agreed between the Fund and the Borrower, any cancellation shall be applied *pro rata* to the several maturities of the principal amount of the Loan which shall mature after the date of such cancellation.

Section 6.06. Effectiveness of Provisions after Suspension or Cancellation. Notwithstanding any cancellation or suspension, all the provisions of the Loan Agreement shall continue in full force and effect except as in this Article specifically provided.

ARTICLE VII

Acceleration of Maturity

Section 7.01. Events of Acceleration. If any of the following events shall occur and shall continue for the period specified below in connection therewith, then at any subsequent time during the continuance thereof, the Fund, at its option, may by notice to the Borrower declare the principal of the Loan then outstanding to be due and payable immediately together with the loan charge and other charges thereon and upon any such declaration such principal, together with the loan charge and other charges thereon, shall become due and payable immediately:

- (a) A default shall occur in the payment of principal or loan charge or any other payment required under the Loan Agreement and such default shall continue for a period of sixty days.
- (b) A default shall occur in the payment of principal or loan charge or any other payment required under any other loan agreement between the Fund and the Borrower and such default shall continue for a period of sixty days.

- (c) A default shall occur in the performance of any other obligation on the part of the Borrower under the Loan Agreement, and such default shall continue for a period of ninety days after notice thereof shall have been given by the Fund to the Borrower.
- (d) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred and shall continue for the period, if any, specified in the Loan Agreement.

ARTICLE VIII

Taxes and Restrictions; Immunities and Privileges of the Fund

Section 8.01. Taxes. (a) The principal of, and loan charge and other charges on, the loan shall be paid without deduction for, and free from, any taxes levied by, or in the territories of, the Borrower. Such taxes, if any, shall be for the account of, and shall be paid by, the Borrower.

(b) The Loan Agreement shall be free from any taxes levied by, or in the territory of, the Borrower on or in connection with the execution, delivery or registration thereof.

Section 8.02. Restrictions. The principal of, and loan charge and other charges on, the Loan shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 8.03. Privilege for Records and Communications. All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters. The Borrower shall accord the Fund full immunity from censorship and inspection of publications.

Section 8.04. Immunity of Assets. All property, assets and income of the Fund in the territories of the Borrower shall be immune from requisition, confiscation, expropriation, seizure and sequestration.

ARTICLE IX

Cooperation and Exchange of Information

Section 9.01. Cooperation and Exchange of Information. (a) The Fund and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end:

- (i) the Fund and the Borrower shall from time to time, at the request of any one of them, exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under the Loan Agreement and other matters relating to the purposes of the Loan; and
- (ii) the Fund and the Borrower shall from time to time, at the request of any one of them, furnish to the other party all such information as it shall request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Loan.

(b) The Fund and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan (including substantial increase in the cost of the Project), the maintenance of the service thereof or the performance by any one of them of its obligations under the Loan Agreement.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Fund to visit any part of its territory for purposes related to the Loan.

(d) The Borrower shall extend the necessary facilities to the accredited representatives of the Fund who are charged with assignments related to the Loan in the territory of the Borrower, and shall accord said representatives immunities similar to those accorded to members of diplomatic missions.

ARTICLE X

Enforceability of Loan Agreement; Failure to Exercise Rights; Arbitration

Section 10.01. Enforceability of Loan Agreement. The rights and obligations of the Fund and the Borrower under the Loan Agreement shall be valid and enforceable in accordance with their terms notwithstanding any law of the Borrower or any of its political subdivisions, to the contrary. Neither the Fund nor the Borrower shall be entitled under any circumstances to assert any claim that any provision of these General Conditions or of the Loan Agreement is invalid or unenforceable for any reason.

Section 10.02. Failure to Exercise Rights. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Loan Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall any action of such party in respect of any default, or any acquiescence by it in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 10.03. Arbitration. Any controversy between the parties to the Loan Agreement, and any claim by either such party against the other arising under the Loan Agreement shall be settled by agreement of the parties, and failing this the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(a) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Fund; a second arbitrator shall be appointed by the Borrower; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the Organization of the Islamic Conference. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the President of the Organization of the Islamic Conference at the request of the other party. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

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

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

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

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

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

(g) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(h) The Arbitral Tribunal shall apply the regulations and ordinances applicable in the Kingdom of Saudi Arabia, as well as the principles of equity.

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

(j) Service of any notice or process in connection with any proceeding under this Section may be made in the manner provided in Section 11.01. The parties to the Loan Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE XI

Miscellaneous Provisions

Section 11.01. Notices and Requests. Any notice or request required or permitted to be given or made under the Loan Agreement shall be in writing. Except as otherwise provided in Section 12.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by registered mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Loan Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 11.02. Evidence of Authority to Take Action on Behalf of the Borrower. The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Loan Agreement and the authenticated specimen signature of each such person.

Section 11.03. Action on Behalf of the Borrower. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, pursuant to the Loan Agreement, on behalf of the Borrower, may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him.

(b) Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative designated pursuant to Sub-section (a) of this Section or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Fund may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

Section 11.04. Execution of Loan Agreement in Counterparts. The Loan Agreement may be executed in several counterparts, each of which shall be an original.

ARTICLE XII

Effective Date; Termination of Loan Agreement

Section 12.01. Conditions Precedent to Effectiveness of Loan Agreement. The Loan Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund:

- (a) that the execution and delivery of the Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental and other action; and
- (b) that all other events specified in the Loan Agreement as conditions to effectiveness have occurred.

Section 12.02. Legal Opinions or Certificates. As part of the evidence to be furnished pursuant to Section 12.01, there shall be furnished to the Fund an opinion or opinions satisfactory to the Fund of governmental legal authority acceptable to the Fund or, if the Fund shall so request, a certificate satisfactory to the Fund of a competent official of the Borrower, showing that:

- (a) the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms; and
- (b) such other matters as shall be specified in the Loan Agreement or as shall be requested by the Fund in connection therewith.

Section 12.03. Effective Date. (a) Except as shall be otherwise agreed by the Fund and the Borrower, the Loan Agreement shall come into force and effect on the date upon which the Fund dispatches to the Borrower notice of its acceptance of the evidence required by Section 12.01.

(b) If, before the Effective Date, any event shall have occurred which would have entitled the Fund to suspend the right of the Borrower to make withdrawals from the Loan Account if the Loan Agreement had been effective, the Fund may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event shall have ceased to exist.

Section 12.04. Termination of Loan Agreement for Failure to Become Effective. If the Loan Agreement shall not have come into force and effect by the date specified in the Loan Agreement for the purposes of this Section, the Fund may at any time thereafter at its option terminate the Loan Agreement by notice to the Borrower. Upon the giving of such notice the Loan Agreement and all obligations of the parties thereunder shall forthwith terminate.

Section 12.05. Termination of Loan Agreement on Full Payment. If and when the entire principal amount of the Loan withdrawn from the Loan Account and all loan charge and other charges which shall have accrued on the Loan shall have been paid, the Loan Agreement and all obligations of the parties thereunder shall forthwith terminate.