

- (h) The proceeds of financing in the ordinary operations of the Bank shall normally be used only for procurement, in territories of members, of goods and services produced in those territories. In special cases the Board of Directors may, however, determine the circumstances in which the procurement of goods and services may be permitted elsewhere, giving particular consideration wherever practicable to procurement of goods and services produced in the territory of countries which have contributed substantially to the resources of the Bank.
- (i) In procuring services, and in facilitating financing for entities or enterprises in the private sector, the Bank shall pay due regard to the need to develop and strengthen undertakings, entities and skills of individuals belonging to the region.
- (j) In the case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditures in connection with the project as they are actually incurred.
- (k) The Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed, or participated in by the Bank are used only for the purposes for which the loan was granted and with due regard to considerations of economy and efficiency.
- (l) The Bank shall pay due regard to the desirability of a reasonable distribution of the benefits from its operations among the members in the region.
- (m) The Bank shall seek to maintain reasonable diversification in its investments in equity capital.
- (n) The Bank may provide financing to meet either external or local expenditures in respect of a project being assisted, provided that in its ordinary operations the Bank shall provide financing for local expenditures in the territory in which the project is located only in exceptional circumstances and not exceeding a reasonable proportion of the total of such expenditures, or in circumstances where such financing may be provided with local currency restricted under paragraph 2 of Article 23.
- (o) The Bank shall be guided by sound development banking principles in its operations.

## ARTICLE 16

### *Terms and Conditions for Direct Loans and Guarantees*

1. In the case of direct loans made or participated in or loans guaranteed by the Bank, the contract shall establish the terms and conditions for the loan or guarantee concerned, including those relating to payment of principal, interest and other charges, maturities, and dates of payment in respect of the loan, or the fees and other charges in respect of the guarantee, respectively.

2. Subject in the case of special operations to any rules and regulations or other arrangements relating thereto, the contract relating to a loan made or guaranteed by the Bank shall specify the currency or currencies to be used in making repayments to the Bank, or stipulate that repayments shall be made in the currency or currencies loaned, or make other appropriate provision for