

- (f) In making or guaranteeing a loan, the Bank shall be satisfied that the rate of interest and other charges are reasonable and such rate, charges and the schedule for the repayment of principal are appropriate for the project concerned;
  - (g) 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 expenditure in connexion with the project as it is actually incurred;
  - (h) The Bank shall make arrangements to ensure that the proceeds of any loan made or guaranteed by it are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency;
  - (i) The Bank shall seek to maintain a reasonable diversification in its investments in equity capital;
  - (j) The Bank shall apply sound banking principles to its operations and, in particular, to its investments in equity capital. It shall not assume responsibility for managing any institution or undertaking in which it has an investment; and
  - (k) In guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk.
2. The Bank shall adopt such rules and regulations as are required for the consideration of projects submitted to it.

## ARTICLE 18

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

1. In the case of direct loans made by the Bank, the contract:

- (a) Shall establish, in conformity with the operational principles set forth in paragraph 1 of article 17 of this Agreement and subject to other provisions of this chapter, all the terms and conditions for the loan concerned, including those relating to amortization, interest and other charges, and to maturities and dates of payment; and, in particular,
- (b) Shall provide that — subject to paragraph 3.c of this article — payments to the Bank of amortization, interest, commission and other charges shall be made in the currency loaned, unless — in the case of a direct loan made as part of special operations — the rules and regulations provided otherwise.

2. In the case of loans guaranteed by the Bank, the contract of guarantee:

- (a) Shall establish, in conformity with the operational principles set forth in paragraph 1 of article 17 of this Agreement and subject to the other provisions of this chapter, all the terms and conditions of the guarantee concerned including those relating to the fees, commission, and other charges of the Bank; and, in particular,