

- (b) Where in the opinion of the Bank local expenditure on that project is likely to cause undue loss or strain on the balance of payments of the country where that project is to be carried out and the amount of such financing by the Bank does not exceed a reasonable portion of the total expenditure incurred on that project.

ARTICLE 17

Operational Principles

1. The operations of the Bank shall be conducted in accordance with the following principles:

- (a) (i) The operations of the Bank shall, except in special circumstances, provide for the financing of specific projects, or groups of projects, particularly those forming part of a national or regional development programme urgently required for the economic or social development of its regional members. They may, however, include global loans to, or guarantees of loans made to, African national development banks or other suitable institutions, in order that the latter may finance projects of a specified type serving the purpose of the Bank within the respective fields of activities of such banks or institutions;
- (ii) In selecting suitable projects, the Bank shall always be guided by the provisions of paragraph 1.a of article 2 of this Agreement and by the potential contribution of the project concerned to the purpose of the Bank rather than by the type of the project. It shall, however, pay special attention to the selection of suitable multinational projects;
- (b) The Bank shall not provide for the financing of a project in the territory of a member if that member objects thereto;
- (c) The Bank shall not provide for the financing of a project to the extent that in its opinion the recipient may obtain the finance or facilities elsewhere on terms that the Bank considers are reasonable for the recipient;
- (d) The proceeds of any loan, investment or other financing undertaken in the ordinary operations of the Bank shall be used only for procurement in member countries of goods and services produced in member countries, except in any case in which the Board of Directors, by a vote of the directors representing not less than two-thirds of the total voting power, determines to permit procurement in a non-member country or of goods and services produced in a non-member country in special circumstances making such procurement appropriate, as in the case of a non-member country in which a significant amount of financing has been provided to the Bank; provided, however, that with respect to any increase of capital stock, the board of Governors may provide that procurement of goods and services with the proceeds of such increase be restricted to those countries which participate in such increase;
- (e) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower and the guarantor, if any, will be in a position to meet their obligations under the loan;