

CONFORMED COPY

LOAN NUMBER 3511 TU

(Earthquake Rehabilitation and Reconstruction Project)

between

REPUBLIC OF TURKEY

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated July 27, 1992

LOAN NUMBER 3511 TU

LOAN AGREEMENT

AGREEMENT, dated July 27, 1992, between REPUBLIC OF TURKEY (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. 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 following additional terms have the following meanings:

(a) "HDA" means the Borrower's Housing Development Administration, or any successor thereto;

(b) "MPWS" means the Borrower's Ministry of Public Works and Settlement, or any successor thereto;

(c) "Steering Committee" means the Borrower's committee for the Project to be established under the chairmanship of the Minister of State, the coordinator of the emergency reconstruction program for the Erzincan Region, in accordance with the provisions of paragraph 2 of Schedule 5 to this Agreement.

(d) "PCU" means the Project Coordination Unit for the Project to be established within HDA in accordance with the provisions of paragraph 1 of Schedule 5 to this Agreement.

(e) "EMU" means the Erzincan Management Unit for the Project to be established under PCU within HDA in accordance with the provisions of paragraph 1 of Schedule 5 to this Agreement; and

(f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of two hundred eighty-five million dollars (\$285,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in a freely convertible currency satisfactory to the Bank a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1996, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out or cause to be carried out the Project with due diligence and efficiency and in conformity with appropriate administrative, economic, financial and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out or cause to be carried out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments, agencies or public authorities of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the PCU and EMU have been established, in accordance within the provisions of paragraph 1 of Schedule 5 to this Agreement, and suitably qualified and experienced managers have been appointed therefor;

(b) that the Bank has been furnished with a copy of the protocol approved by the Borrower between MPWS and Istanbul Technical University relating to the design and technical supervision of housing rehabilitation under the Project; and

(c) that the Bank has been furnished with a copy of the protocol approved by the Borrower between MPWS and Middle East Technical University relating to reconstruction of housing, reconstruction and rehabilitation of schools and rehabilitation of public buildings under the Project.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VI

##### Representative of the Borrower; Addresses

Section 6.01. The Undersecretary of Treasury and Foreign Trade of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Basbakanlik Hazine Ve Disticaret  
Mustesarligi  
Inonu Bulvari  
Emek/Ankara  
Republic of Turkey

Cable address:

MALIYE-HAZINE

Telex:

821-42285 (MLYE-TR) or  
821-42689 (ANK-TR)

Rapifax:

90-4-2128737

For the Bank:

International Bank for

Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TURKEY

By /s/ Mahfi Egilmez  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Wilfried P. Thalwitz  
Regional Vice President  
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

| Category                     | Amount of the<br>Loan Allocated<br>(Expressed in<br>Dollar Equivalent) | % of<br>Expenditures<br>to be Financed  |
|------------------------------|--|---|
| (1) Civil works              | 170,000,000  | 100%  |
| (2) Goods                    | 65,000,000   | 100% of foreign<br>expenditures,<br>100% of local<br>expenditures<br>(ex-factory cost)<br>and 90% of local<br>expenditures for<br>other items pro-<br>cured locally |
| (3) Consultants'<br>services | 40,000,000   | 100%  |
| (4) Unallocated              | 10,000,000   |   |
| TOTAL                        | 285,000,000<br>=====   |   |

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$6,000,000, may be made on account of payments made for expenditures before that date but after March 13, 1992.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in carrying out its 1992-1995 emergency reconstruction program for the Erzincan Region affected by the earthquake of March 13, 1992, through (1) rehabilitation and reconstruction of the areas damaged by the earthquake, and (2) development and implementation of seismic risk prevention and mitigation measures.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A:

(1) Emergency demolition of destroyed and severely damaged buildings and removal of debris to designated dump sites.

(2) Reconstruction, rehabilitation and repair of unfinished cooperative housing, government housing, urban commercial facilities, hospitals, public buildings and rural barns and storage sheds.

(3) Rehabilitation of the municipal water supply, sewage, electricity, roads and traffic light networks, and the state and provincial and rural roads networks.

#### Part B:

(1) Carrying out of studies on the following earthquake-related matters:

(a) development and application of appropriate designs for seismic risk prevention and mitigation, land-use and micro-zoning plans, building codes and practices, disaster insurance practices, and earthquake risk assessment and loss-reduction policies; and

(b) financial sustainability of the Borrower's legal framework for disaster reconstruction and rehabilitation.

(2) Dissemination of information relating to the above through public education and training of contractors and rural self-help builders in the construction of earthquake-resistant structures.

#### Part C:

(1) Provision of equipment, materials, technical assistance, studies and training to be utilized in the design, management and carrying out of the Borrower's reconstruction program for the Erzincan Region, including for the carrying out of Parts A and B of the Project.

(2) Provision of livestock to rural families to replace lost income-producing livestock resulting from the earthquake.

\* \* \*

The Project is expected to be completed by December 31, 1995.

### SCHEDULE 3

#### Amortization Schedule

| Date Payment Due  | Payment of Principal<br>(expressed in dollars)* |
|---|---|
| On each March 1 and September 1<br>beginning March 1, 1998<br>through September 1, 2009 | 11,875,000                                      |

\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

#### Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

| Time of Prepayment  | Premium  |
|---|--|
|   | The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by: |
| Not more than three years before maturity                         | 0.18   |
| More than three years but not more than six years before maturity | 0.35   |
| More than six years but not more than 11 years before maturity    | 0.65   |
| More than 11 years but not more than 15 years before maturity     | 0.88   |
| More than 15 years before maturity                                | 1.00   |

### SCHEDULE 4

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

###### Part B: Preference for Domestic Manufacturers



In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Republic of Turkey may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Goods estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$5,000,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least two different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

2. Goods estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$3,000,000, and livestock, estimated to cost up to an aggregate amount equivalent to \$2,600,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Except as provided in paragraph 4 hereof: (a) bidders for works shall be prequalified as described in paragraph 2.10 of the Guidelines; (b) contracts for works shall be grouped in bid packages agreed with the Bank; and (c) works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

4. Works under Part A (1) of the Project may be carried out by force account, in accordance with procedures satisfactory to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part C.4(c) hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each of: (i) the first two contracts for goods estimated to cost the equivalent of \$500,000 or more; (ii) the first two contracts for works; and (iii) the contracts for works estimated to cost the equivalent of \$2,000,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contracts are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.

3. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

Consultants' services shall be procured under contracts awarded to consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

### SCHEDULE 5

#### Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 3.01 (b) of this Agreement.

1. Overall responsibility for the coordination of the carrying out of the Project shall be assigned by the Borrower to the Borrower's Minister of State. Project execution shall be undertaken by HDA which shall carry out its activities under the Project through PCU and EMU to be established and maintained within HDA in Ankara and Erzincan, respectively, with staff and other resources and terms of reference satisfactory to the Borrower and the Bank.

2. PCU and EMU shall carry out the Project with the overall policy guidance of the Steering Committee and in close coordination with the Borrower's Provincial Rescue and Aid Committee for Erzincan, pursuant to arrangements satisfactory to the Borrower and the Bank.

3. In order to assist the Borrower in carrying out the Project, the Borrower shall employ or cause to be employed consultants with qualifications and experience, and under terms of reference, satisfactory to the Bank.

4. The Borrower shall ensure that all reconstruction, rehabilitation and repairs under Part A (2) of the Project shall be undertaken in accordance with seismic-resistant designs approved by a panel of experts in Turkey selected in agreement with the Bank.

5. The Project shall be carried out on the basis of annual programs of investment prepared by the Borrower and furnished to the Bank for its approval, not later than March 31 of each year. The Borrower shall ensure that only such investments shall be included in each such annual program as are determined, in accordance with guidelines satisfactory to the Bank, to: (a) be part of the Borrower's 1992-1995 emergency reconstruction program for the Erzincan Region whose carrying out has been or shall be initiated after March 13, 1992 on the basis of time schedules acceptable to the Bank; (b) have no adequate alternative source of finance for their carrying out; (c) have cost-effective design standards and represent least-cost alternatives; (d) utilize appropriate seismic-resistance designs prepared pursuant to the provisions of paragraph 4 of this Schedule; (e) aim at restoring a service which existed before the earthquake, or at augmenting services required to meet new demands resulting from the Project; and (f) be technically feasible and financially viable and be carried out in accordance with appropriate environmental standards.

6. (a) Civil works under Part A (1) of the Project shall be carried out by PCU through EMU.

(b) Civil works under Part A (2) of the Project shall be carried out by PCU through EMU. Construction shall be carried out on the basis of designs prepared in consultation with the owners of the housing units and the commercial facilities and according to work programs approved by the Borrower's respective department or agency

responsible for the operation of housing facilities, public and commercial buildings and hospitals to be reconstructed, rehabilitated or repaired.

(c) Civil works under Part A (3) of the Project and the procurement of the equipment, furniture and materials for the networks and facilities to be rehabilitated thereunder shall be carried out by PCU in coordination with the Borrower's respective department, agency or public authority.

7. Construction and repair of rural barns and storage sheds shall be carried out by PCU in coordination with the Borrower's respective department, agency or public authority.

8. Costs incurred by the Borrower under the Project in the reconstruction, rehabilitation and repairs of housing units and commercial buildings and in the procurement and delivery of construction materials and livestock to rural families shall be recovered by the Borrower from the owners of the housing units and commercial buildings and from the rural families receiving the construction materials and livestock, in accordance with the Borrower's applicable policies and procedures for the recovery of such costs.

9. The Borrower shall carry out Part B of the Project in accordance with terms of reference and a time schedule agreed with the Bank.

#### SCHEDULE 6

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$30,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request,

the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

