

CONFORMED COPY

LOAN NUMBER 4092 LE

Loan Agreement

(Agriculture Infrastructure Development Project)

between

LEBANESE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated December 5, 1996

LOAN NUMBER 4092 LE

LOAN AGREEMENT

AGREEMENT, dated December 5, 1996, between LEBANESE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) 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;

(B) Part A of the Project will be carried out by the Green Plan (GP) and Part B will be carried out by the Council for Development and Reconstruction (CDR), all with the Borrower's assistance and, as part of such assistance, the Borrower will make available to GP and CDR the proceeds of the Loan as provided in this Agreement; 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 and in the Project Agreements of even date herewith between the Bank and GP and CDR respectively;

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) The second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

(c) 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) "ACSC" means the Agricultural Census Steering Committee within MOA, established pursuant to Resolution 258/1, dated June 7, 1996, to be responsible for reviewing and supervising the national agricultural census to be carried out under Part B. 1 of the Project.

(b) "BdL" means Banque du Liban, the Borrower's central bank, established and operating pursuant to the Money and Credit Law promulgated by Decree No. 13513 of the Borrower, dated August 1, 1963, as the same may be amended from time to time;

(c) "CDR" means the Council for Development and Reconstruction, a public authority established and operating pursuant to Legislative Decree No. 5 of the Borrower, dated January 31, 1977, as the same may be amended from time to time;

(d) "CDR's Legislation" means Decree No. 5 of the Borrower, dated January 31, 1977, Decree No. 433 of the Borrower, dated September 19, 1977, and Decree No. 2981 of the Borrower, dated May 9, 1980, as such decrees may be amended from time to time;

(e) "CDR Project Agreement" means the agreement between the Bank and CDR of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(f) "GP Special Account " and "CDR Special Account " mean the accounts referred to in Section 2.02 (b) of this Agreement. GP Special Account and CDR Special Account are, collectively, referred to as "Special Accounts";

(g) "CDR Subsidiary Agreement" means the agreement to be entered into between the Borrower and CDR pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time;

(h) "EIMC" means the Environmental Information and Monitoring Committee established by GP's Executive Board pursuant to Resolution No. 83, dated June 7, 1996, to oversee environmental practices pertaining to GP Activities;

(i) "GP" means the Green Plan, a public authority established and operating under the administrative supervision of the Minister

of Agriculture pursuant to Decree No. 13785 of the Borrower, dated September of 1963, as the same may be amended from time to time;

(j) "GP Project Agreement" means the agreement between the Bank and GP of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(k) "GP Subsidiary Agreement" means the agreement to be entered into between the Borrower and GP pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time;

(l) "MOA" means the Ministry of Agriculture of the Borrower; and

(m) "Sub-project" means a specific development activity under Part A (1) and (2) of the Project, to be financed by GP in accordance with Schedule 2 of the GP Project 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 thirty one million dollars (\$31,000,000), 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 described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars two special deposit accounts (GP Special Account and CDR Special Account) in BdL, on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2003, 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 per cent ( $3/4$  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 semi-annually on May 15 and November 15 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.

Section 2.08. (a) GP is designated as representative of the Borrower in respect of Part A of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions with respect to Part A of the Project.

(b) CDR is designated as representative of the Borrower in respect of Part B of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions with respect to Part B of the Project.

### 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, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause GP and CDR to perform in accordance with the provisions of its respective Project Agreement all the obligations of GP and CDR therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable GP and CDR to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make available as a grant an amount equivalent to twenty eight million two hundred thousand dollars

(\$28,200,000), or such other amount as may be allocated in the table set forth in Paragraph 1 of Schedule 1 to this Agreement, to GP under a subsidiary agreement to be entered into between the Borrower and GP under terms and conditions which shall have been approved by the Bank.

(c) The Borrower shall make available as a grant an amount equivalent to two million eight hundred thousand dollars (\$2,800,000), or such other amount as may be allocated in the table set forth in Paragraph 1 of Schedule 1 to this Agreement, to CDR under a subsidiary agreement to be entered into between the Borrower and CDR under terms and conditions which shall have been approved by the Bank.

(d) The Borrower shall exercise its rights under the GP Subsidiary Agreement and the CDR Subsidiary Agreement in such manner as to protect the interests of the Bank. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

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 1 to the GP Project Agreement and the Schedule to the CDR Project Agreement respectively.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of: (a) Part A of the Project shall be carried out by GP pursuant to Section 2.03 of the GP Project Agreement; and (b) Part B of the Project shall be carried out by CDR pursuant to Section 2.03 of the CDR Project Agreement.

Section 3.04. The Borrower undertakes to maintain current cost-sharing arrangements established pursuant to Presidential Decree No. 7426, dated October 24, 1995, and any changes thereto shall be satisfactory to the Bank.

Section 3.05. The Borrower shall ensure that the roads constructed under Part A (2) of the Project are maintained in a good condition.

Section 3.06. The Borrower shall maintain the ACSC with staff and resources acceptable to the Bank to facilitate the implementation of Part B (1) of the Project.

Section 3.07. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 1999, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by March 31, 2000, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank views on the matter.

## Financial Covenants

Section 4.01. (a) 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 sound accounting practices, records and accounts reflecting such expenditures;
  - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained 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 was made; and
  - (iii) enable the Bank's representatives to examine such records.
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Accounts 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 nine (9) 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, including 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; 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.

## ARTICLE V

### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

- (a) Either GP or CDR shall have failed to perform any of its obligations under the GP Project Agreement or the CDR Project Agreement, respectively.
- (b) 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 GP or CDR will be able to perform its obligations under the GP Project Agreement or the CDR Project Agreement respectively.
- (c) Either the GP Decree or the CDR Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of GP or CDR to perform any of its obligations under the GP Project Agreement or the CDR Project Agreement respectively.
- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of GP or CDR or for the suspension of their respective operations.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower; and

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. 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) the GP Subsidiary Agreement has been executed on behalf of the Borrower and GP; and

(b) the CDR Subsidiary Agreement has been executed on behalf of the Borrower and CDR.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the GP Project Agreement has been duly authorized or ratified by GP, and is legally binding upon GP in accordance with its terms;

(b) that the CDR Project Agreement has been duly authorized or ratified by CDR, and is legally binding upon CDR in accordance with its terms;

(c) that the GP Subsidiary Agreement has been duly authorized or ratified by the Borrower and GP and is legally binding upon the Borrower and GP in accordance with its terms; and

(d) that the CDR Subsidiary Agreement has been duly authorized or ratified by the Borrower and CDR and is legally binding upon the Borrower and CDR in accordance with its terms.

Section 6.03. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.08 and 2.09 of this Agreement the Minister of Finance of the Borrower 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 purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance  
Ministry of Finance  
Beirut  
Lebanese Republic

Telex:

923.235.13

For the Bank:

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

Cable address:                      Telex:  
  
                  INTBAFRAD                      248423 (MCI) or  
                  Washington, D.C.                64145 (MCI)

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

LEBANESE REPUBLIC

By /s/ Nabil El Jisr

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Inder Sud

Acting Regional Vice President  
Middle East and North Africa

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 Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works:		
(a) under Part A (1) of the Project	9,500,000	80%
(b) under Part A (2) of the Project	10,000,000	80%
(c) under Part B of the Project	350,000	80%
(2) Goods:		
(a) under Part A of the Project	5,000,000	80%
(b) under Part B of the Project	700,000	80%
(3) Consultants' services,		



training and studies:

(a) under Part A of the Project	3,000,000	100%
(b) under Part B of the Project	1,750,000	100%
(4) Unallocated	700,000	
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TOTAL	31,000,000	=====

2. 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.

3. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts costing less than \$150,000 equivalent for goods, \$100,000 equivalent for works, \$50,000 equivalent for mechanized works for land and water development under Part A (1) of the Project, \$100,000 equivalent for services with consulting firms, and \$50,000 equivalent for services with individual consultants (including training and studies), under such terms and conditions as the Bank shall specify by notice to the Borrower.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are to assist the Borrower in: (i) developing and conserving land and water resources; (ii) increasing access to isolated rural areas; and (iii) strengthening the institutional capacity in the agricultural sector.

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: Development of Agricultural Infrastructure

###### 1. Land and Water Development

(a) Terracing of land, construction of terrace retaining walls, hill ponds, and concrete basins; and

(b) acquisition and sale of: (i) fruit tree seedlings; and (ii) irrigation equipment.

###### 2. Agricultural Roads

(a) Construction of asphalted and earth roads; and

(b) assistance in road design and preparation of feasibility studies through the provision of consultants' services.

###### 3. Institutional Strengthening

(a) Improving the implementation capacity of the GP through training and operational support, including the provision of equipment and vehicles, training and consultants' services; and

(b) assistance to the Environmental Information and Monitoring Committee, including the provision of specialized equipment, vehicles and consultants' services.

##### Part B: Institutional Strengthening of MOA

Providing assistance, through CDR, to MOA comprising:

1. conducting a National Agricultural Census and the establishment of a permanent agricultural statistical system, including the provision of equipment and vehicles, training and consultants' services; and

2. the construction or rehabilitation of a documentation center and the establishment of an information management system in MOA, including the provision of equipment and vehicles, training and consultants' services.

\* \* \* \* \*

The Project is expected to be completed by December 31, 2002.

### SCHEDULE 3

#### Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
On each May 15 and November 15 beginning May 15, 2002 through May 15, 2013	1,290,000
On November 15, 2013	1,330,000

#### 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

#### Special Accounts

1. For the purposes of this Schedule:

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

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

Agreement in the case of CDR Special Account;

(c) 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

(d) the term "Authorized Allocation" means: (i) in the case of GP Special Account an amount equivalent to \$2,500,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$1,500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$4,000,000; and (ii) in the case of CDR Special Account an amount equivalent to \$300,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$200,000, until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$500,000.

2. Payments out of the Special Accounts 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 Accounts have been duly opened, withdrawals of the Authorized Allocations and subsequent withdrawals to replenish the Special Accounts shall be made as follows:

(a) For withdrawals of the respective Authorized Allocations, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Accounts of an amount or amounts which do not exceed the aggregate amount of such 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 into the Special Accounts such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Accounts, the Borrower shall furnish to the Bank requests for deposits into the Special Accounts 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 respective 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 respective 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 a 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 Accounts:

(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;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions;

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for Part A of the Project, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Part A of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation; or

(e) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for Part B of the Project, minus the total amount of all outstanding special commitments with respect to Part B of 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 for Parts A and B of the Project 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 Accounts 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 a 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 a 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.

