

CONFORMED COPY

LOAN NUMBER 3352 AL

LOAN AGREEMENT

(Enterprise and Financial Sector Adjustment Loan)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 25, 1991

LOAN NUMBER 3352 AL

LOAN AGREEMENT

AGREEMENT, dated June 25, 1991, between DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) The Bank has received a letter dated May 27, 1991, from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's public enterprise and financial sectors (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in the financing of urgently needed imports and services required during such execution; and

WHEREAS: (B) On the basis, inter alia, of the foregoing, the Bank has decided in support of the Program to provide such assistance to the Borrower by making the Loan in two (2) tranches as hereinafter provided.

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 thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 11, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Loan pursuant to the provisions of Schedule 1 to the Loan Agreement.";

(b) Section 9.07 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.";

(c) The last sentence of Section 3.02 is deleted; and

(d) 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) "BAD" means the Borrower's Algerian Development Bank (Banque Algerienne de Developpement), established and operating pursuant to the Borrower's Ordinance No. 71-47, dated June 30, 1971, as the same may be amended from time to time;

(b) "CNEP" means the Borrower's National Savings and Contingency Fund (Caisse Nationale d'Epargne et de Prevoyance), established and operating pursuant to the Borrower's Law No. 64-227, dated August 19, 1964, as the same may be amended from time to time;

(c) "Central Bank" means the Borrower's Central Bank (Banque d'Algerie), established and operating pursuant to the Borrower's Law No. 90-10, dated April 14, 1990, as the same may be amended from time to time;

(d) "Diagnostic Studies" means the studies to be carried out by the Borrower in accordance with the provisions of Schedule 1 to the Loan Agreement dated January 8, 1991, entered into between the Bank and the Borrower in respect of the Industrial Restructuring Demonstration Project (Loan 3213-AL);

(e) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period coincides with the calendar year commencing January 1 and ending December 31;

(f) "Participation Funds" means the following Participation Funds (Fonds de Participation) of the Borrower, established and operating pursuant to the Borrower's Law No. 88-03, dated January 12, 1988, as the same may be amended from time to time: (i) F1-Agro-Alimentary Industries (Industries Agro-Alimentaires); (ii) F2-Minerals, Hydraulics and Hydrocarbons (Mines, Hydrauliques et Hydrocarbures); (iii) F3-Engineering Goods (Biens d'Equipement); (iv) F4-Construction (Construction); (v) F5-Chemical Products (Produits Chimiques); (vi) F6-Electronics, Telecommunications and Information (Electronique, Telecommunications et Informatique); (vii) F7-Diverse Industries (Industries Diverses); and (viii) F8-Services (Services); and the term "Participation Fund" means any one of said Participation Funds;

(g) "Public Economic Enterprise" means a Public Economic Enterprise (Entreprise Publique Economique) established and operating within the Borrower's

territory pursuant to Title I of the Borrower's Law No. 88-01, dated January 12, 1988, as the same may be amended from time to time;

(h) "Public Enterprise Restructuring Fund" means the Borrower's fund for restructuring its public enterprises (Fonds d'Assainissement des Entreprises Publiques), as governed by the provisions of the Borrower's Decree No. 91-75, dated March 16, 1991, as the same may be amended from time to time;

(i) "Non-Autonomous Public Enterprises" means the public enterprises established and operating within the Borrower's territory and set forth in Schedule 6 to this Agreement;

(j) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 343 (1986); and

(k) "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 this Agreement, various currencies that shall have an aggregate value equivalent to the amount of three hundred and fifty million dollars (\$350,000,000), 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.

(b) The Borrower shall, for the purposes of the Program, open and maintain in dollars a special deposit account in the 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 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1993, 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 ($\frac{3}{4}$ 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 ($\frac{1}{2}$ 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 15 and September 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 2 to this Agreement.

Section 2.08. (a) The Central Bank is designated as representative of the Borrower 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.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts the Central Bank with responsibility for the preparation of withdrawal applications under the Loan, and for the collection of the documents and other evidence to be furnished to the Bank in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than the equivalent of one million dollars (\$1,000,000).

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 4 to this Agreement.

(b) Prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Loan.

(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 (6) months after the end of each such year, a

certified copy of 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, separate records and accounts reflecting such expenditures;

(ii) retain, until at least one (1) year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan 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 audits 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 IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V

Termination

Section 5.01. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representatives of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.08 (a) of this Agreement, the Minister of Economy 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:

Ministry of Economy
Immeuble Mauretania
Place du Perou
Algiers
Democratic and Popular Republic of Algeria

Cable address: Telex:

FINPLAN 67073
Algiers

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.

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ A. Bensid

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ K. Dervis

Acting Regional Vice President
Europe, Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be withdrawn from the Loan Account for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of such proceeds.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) Expenditures for goods included in the following SITC groups or subgroups, or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Subgroup	Description of Items
112	--	Alcoholic beverages
121	--	Tobacco, unmanufactured, tobacco refuse
122	--	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	--	Radioactive and associated materials
667	--	Pearls, precious and semiprecious stones, unworked or

		worked
718	718.1	Nuclear reactors, and parts thereof, fuel elements (cartridges), nonirradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	--	Gold, nonmonetary (excluding gold ores and concentrates)

(b) Expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) Payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of seventy million dollars (\$70,000,000) may be made on account of payments made for such expenditures before that date but after February 28, 1991;

(d) Expenditures for goods procured under contracts costing less than the equivalent of sixty thousand dollars (\$60,000);

(e) Expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Bank shall have financed or agreed to finance;

(f) Expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

(g) Expenditures in excess of an aggregate amount equivalent to seventy million dollars (\$70,000,000) for petroleum products, and expenditures in excess of an aggregate amount equivalent to seventy million dollars (\$70,000,000) for foodstuffs; and

(h) Expenditures for goods imported under contracts for the supply of commodities, if such contracts were awarded by direct contracting without competition.

3. Withdrawals for expenditures under contracts for the procurement of goods estimated to cost less than the equivalent of two million dollars (\$2,000,000) each, may be permitted by the Bank upon the basis of statements of expenditure under such terms and conditions as the Bank shall specify.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Loan after the aggregate of the proceeds of the Loan withdrawn from the Loan Account and the total amount of such commitments shall have reached the equivalent of one hundred and seventy-five million dollars (\$175,000,000), unless the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank: (a) with the progress achieved by the Borrower in the carrying out of the Program; and (b) that the actions described in Schedule 4 to this Agreement have been taken.

5. If, after the exchange of views described in paragraph 4 above, the Bank shall have given notice to the Borrower that the progress achieved and actions taken are not satisfactory and, within ninety (90) days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Bank, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

SCHEDULE 2

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
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On each March 15 and September 15

beginning March 15, 1997 through March 15, 2008	14,585,000
On September 15, 2008	14,545,000

* 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 eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

SCHEDULE 3

Procurement

1. Contracts for the procurement of goods estimated to cost the equivalent of five

million dollars (\$5,000,000) or more each shall be awarded through international competitive bidding 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 1985 (the Guidelines), subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted therefor:

"2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's Invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

- (i) a notice in the United Nations publication, Development Forum, Business Edition; or
- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative, bidding documents may require The bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.

2. Contracts for the procurement of goods estimated to cost the equivalent of less than five million dollars (\$5,000,000) shall be awarded:

(a) By purchasers required to follow the Borrower's public procurement procedures for the importation of goods, on the basis of such procedures, provided that such procedures shall have been found acceptable by the Bank;

(b) By other purchasers, in accordance with established commercial practice, provided that such contracts shall be awarded on the basis of evaluation comparison of quotations obtained from suppliers from at least two (2) countries, except that direct contracting procedures acceptable to the Bank may be used where considered appropriate under paragraph 3.5 of the Guidelines; and

(c) By any purchasers, for the supply of commodities, on the basis of evaluation and comparison of quotations obtained from more than one supplier.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two (2) conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Bank shall reasonably request. Where payments under a contract are to be made out of the proceeds of the Special Account, such copies together with the other information required to be furnished to the Bank pursuant to this paragraph shall be furnished to the Bank as part of the evidence required under paragraph 4 of Schedule 5 to this Agreement.

4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect thereof, such documentation and information as the Bank may reasonably request to support withdrawal applications in respect of such contract. Where payments under a contract are to be made out of the proceeds of the Special Account, the documentation and the information to be furnished to the Bank pursuant to the provisions of this paragraph shall be furnished to the Bank as part of the evidence required under paragraph 4 of Schedule 5 to this Agreement.

5. The provisions of the preceding paragraph 4 of this Schedule shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure.

SCHEDULE 4

Actions Referred to in Paragraph 4 (b) of Schedule 1 to this Agreement

A. Public Enterprise Sector

1. The Borrower has issued and published in its Official Journal a decree, and related schedules, providing for the transfer of all remaining products heretofore subject to ceilings on margins to the category of those products whose prices are freely determined by their producers (declared prices), except for twelve (12) categories of products previously specified in agreement with the Bank.

2. Based on the recommendations of the Diagnostic Studies, and in respect of at least fifteen (15) of the Non-Autonomous Public Enterprises:

(a) The Borrower shall carry out, or cause to be carried out, a set of measures for the immediate reduction of all deficits incurred by said enterprises;

(b) In respect of each of said enterprises which the Borrower will not have decided to convert into an Economic Public Enterprise by December 31, 1991, the Borrower shall fix the maximum increase in their individual wage bill for Fiscal Year 1992, and shall ensure that the Central Bank sets an overall credit ceiling for such Fiscal Year, which ceiling shall promptly thereafter be allocated among said enterprises by the commercial banks operating within the Borrower's territory; and

(c) In respect of said enterprises requiring detailed restructuring studies, the Borrower shall submit to the Bank an action plan, acceptable to the Bank, which plan shall include, inter alia:

- (i) the terms of reference and the timetable for the execution of said restructuring studies; and
- (ii) a program for the implementation of measures for the progressive elimination of deficits caused by said enterprises' activities which are deemed irremediable loss-makers.

3. The Borrower has taken any and all action necessary to cause the general assembly of the Participation Funds to ensure that each of said funds: (a) issues an operational report covering the respective Participation Fund's activities during the Fiscal Year 1991, which report shall include, inter alia, a review of the progress achieved by said Fund during such Fiscal Year in evaluating its asset portfolio and the financial objectives to be achieved by said Fund during the Fiscal Year 1992; and (b) adopts the necessary resolutions regulating the remuneration of the administrators of the corresponding Participation Fund on the basis, inter alia, of said Fund's financial performance during the immediately preceding Fiscal Year.

4. The Borrower has taken any and all action necessary for establishing the legal and regulatory framework, which framework shall be acceptable to the Bank, for the establishment and operation of a stock market, joint ventures, commercial agencies and distributorships, and enterprise bankruptcies, dissolutions and liquidations procedures.

B. Financial Sector

5. The Borrower has issued and published in its Official Journal a decree providing for the reorganization of both BAD and CNEP, on the basis of the criteria and methodologies previously furnished to the Bank by the Borrower.

6. (a) The Central Bank has issued regulations applying, as of the Fiscal Year 1992, prudential ratios for all commercial banks existing and operating within the Borrower's territory, all in accordance with banking principles, norms and practices acceptable to both the Bank and the Borrower; and

(b) The Central Bank has issued regulations setting the minimum capital adequacy ratio applicable to all commercial banks operating within its territory during the Fiscal Year 1993.

7. The Central Bank has reviewed and approved action plans, based on terms of reference satisfactory to both the Bank and the Borrower, for the restructuring of the portfolios and the long-term development of all commercial banks existing and operating within the Borrower's territory.

8. The Borrower has presented to its Council of Ministers, for consideration and adoption, a draft law removing the Borrower's monopoly over all insurance activities within its territory.

9. The Borrower has furnished to the Bank evidence, satisfactory to the Bank, that the Borrower has allocated to each commercial bank existing and operating within its territory the necessary equity funds out of the Public Enterprise Restructuring Fund, so as to ensure that each of said banks has achieved, during the Fiscal Year 1992, a provisional capital adequacy ratio equal to four percent (4%).

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) The term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 1 to this Agreement; and

(b) The term "Authorized Allocation" means an amount equivalent to twenty million dollars (\$20,000,000) 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 in respect of Eligible Expenditures, 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, 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 Program, 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 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.

SCHEDULE 6

There follows hereinbelow a list of the Twenty-Two public enterprises established and operating within the Borrower's territory and referred to in Section 1.02 (i) of this Agreement:

1. ENF (Entreprise Nationale de Fonderie), established and operating pursuant to the Borrower's Decree No. 83-52, dated January 1, 1983;
2. ENMTP (Entreprise Nationale de Materiels de Travaux Publics), established and operating pursuant to the Borrower's Decree No. 83-06, dated January 1, 1983;
3. SNVI (Societe Nationale des Vehicules Industriels), established and operating pursuant to the Borrower's Decree No. 81-342, dated December 12, 1981;
4. ENPMA (Entreprise Nationale de Production de Materiels Agricoles), established and operating pursuant to the Borrower's Decree No. 81-341, dated December 12, 1981;
5. PMH (Entreprise Nationale de Production des Materiels Hydrauliques), established and operating pursuant to the Borrower's Decree No. 83-07, dated January 1, 1983;
6. SIDER (Entreprise Nationale de Siderurgie), established and operating pursuant to the Borrower's Decree No. 83-628, dated November 5, 1983;
7. Entreprise de Construction d'Oran, established and operating pursuant to the Borrower's Decree No. 82-62, dated February 20, 1982;
8. Entreprise de Construction d'Ouargla, established and operating pursuant to the Borrower's Decree No. 82-64, dated February 20, 1982;
9. Entreprise de Construction de Sidi Moussa, established and operating pursuant to

the Borrower's Decree No. 82-60, dated February 20, 1982;

10. Entreprise de Construction d'Alger, established and operating pursuant to the Borrower's Decree No. 82-58, dated February 20, 1982;

11. ERCA (Entreprise de Realisation et de Construction d'Alger), established and operating pursuant to the Borrower's Decree No. 82-59, dated February 20, 1982;

12. ECTA (Entreprise de Construction et de Travaux d'Alger), established and operating pursuant to the Borrower's Decree 82-69, dated February 20, 1982;

13. CNAN (Companie Nationale Algerienne de Navigation), established and operating pursuant to the Borrower's Decree No. 82-279, dated August 14, 1982;

14. HYDROTECHNIQUE (realisation des barrages), established and operating pursuant to the Borrower's Decree No. 86-84, dated April 22, 1986;

15. SNTM-HYPROC (Societe Nationale de Transports Maritimes), established and operating pursuant to the Borrower's Decree No. 82-22, dated August 14, 1982;

16. ASMIDAL (engrais), established and operating pursuant to the Borrower's Decree No. 84-258, dated September 1, 1984;

17. ELATEX (Entreprise Nationale des Industries Textiles Lainicres), established and operating pursuant to the Borrower's Decree No. 82-397, dated December 4, 1982;

18. INDITEX (Entreprise Nationale des Textiles Industriels), established and operating pursuant to the Borrower's Decree No. 82-398, dated December 4, 1982;

19. CELPAP (Entreprise Nationale de Cellulose et de Papier), established and operating pursuant to the Borrower's Decree No. 85-191, dated July 23, 1985;

20. ENMGPP (Entreprise Nationale de Menuiserie Generale et de Prefabriques), established and operating pursuant to the Borrower's Decree No. 82-407, dated December 4, 1982;

21. ENEPAC (Entreprise Nationale des Emballages en Papier et Carton), established and operating pursuant to the Borrower's Decree No. 85-192, dated July 23, 1985; and

22. ENPC (Entreprise Nationale de Plastique et de Caoutchoucs), established and operating pursuant to the Borrower's Decree No. 80-102, dated April 6, 1980.

