

CONFORMED COPY

LOAN NUMBER 3155 IVC

Loan Agreement

(Abidjan Environmental Protection Project)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 16, 1990

LOAN NUMBER 3155 IVC

LOAN AGREEMENT

AGREEMENT, dated January 16, 1990, between REPUBLIC OF COTE D'IVOIRE (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) the Borrower intends to contract from European Investment Bank (EIB) a loan (the EIB Loan) in an amount of ECU 16,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the EIB Loan Agreement) to be entered into between the Borrower and EIB; 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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this 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) "Abidjan Sewerage and Drainage System" means Abidjan's existing sewerage and drainage networks and plants, and the sewerage and environmental protection works to be carried out under the Project;

(b) "CAA" means Caisse Autonome d'Amortissement of the Borrower;

(c) "CFAF" means the currency of the Borrower;

(d) "DCGTx" means Direction et Controle des Grands Travaux of the Borrower;

(e) "Fiscal Year" means the Borrower's fiscal year running from January 1 to December 31;

(f) "MM" means the Ministry of the Borrower responsible for Marine;

(g) "SODECI" means Societe de Distribution d'Eau de la Cote d'Ivoire;

(h) "FNE" means Fonds National de l'Eau of the Borrower established under Decree No. 87-1472 of December 17, 1987;

(i) "Special Account" means the account referred to in Section 2.01 (b) of this Agreement;

(j) "Surcharge" means the surcharge levied on the water tariff, collected by SODECI and paid to FNE;

(k) "Sanitation Tax" means the taxe additionnelle a la contribution fonciere sur les proprietes baties, established by Law No. 74-781 of December 26, 1974; and

(l) "Concession Contract" means the Convention de Concession du Service de distribution publique urbaine d'eau potable en Cote d'Ivoire, between the Borrower and SODECI approved by Decree No. 87-1471 of December 17, 1987.

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 twenty-one million nine hundred thousand dollars (\$21,900,000) as 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 works, 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 shall, for the purposes of the Project, open and maintain in CFAF a special account in CAA 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 December 31, 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 (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 May 1 and November 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. 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 the Project through DCGTX with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and public utility practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project,

Section 3.02. Except as the Bank shall otherwise agree, procurement of the works, goods 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.

Section 3.03. The Borrower shall issue, upon completion of the works referred to under Parts A.1, A.2, A.3, A.4 and B of the Project:

(a) Lagoon environmental protection regulations, satisfactory to the Bank, applicable to companies or individuals dumping the septage and sewage outside of septage discharge stations including those financed under the Project; and

(b) regulations pertaining to industrial waste water effluents, and a permit system for said effluents, satisfactory to the Bank, taking into consideration the technical solution adopted for Abidjan's Lagoon environmental protection.

Section 3.04. The Borrower shall, before completion of the works referred to under Parts A.1, A.2, A.3, A.4 and B of the Project, take all necessary measures to adequately organize the unit within the administrative directorate in charge of water matters and responsible for the enforcement of regulations applicable to organic waste, water quality and the dumping of septage, in order to enable said unit to enforce said regulations, including the environmental protection regulations referred to under Section 3.03 (a) of this Agreement.

Section 3.05. The Borrower shall, before completion of the works referred to under Parts A.1, A.2, A.3 and B of the Project, make arrangements, satisfactory to the Bank, with a commercial company for the operation and maintenance of said works.

Section 3.06. The Borrower shall take all necessary measures to introduce, not later than June 30, 1990, a specific monitoring program on the quality of ocean and lagoon waters, to be carried out by the pollution control laboratory of MM.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, 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 or agencies 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 FNE and 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 practicable, 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:

(a) of this (i) maintain, or cause to be maintained, in accordance with paragraph 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 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 report of such audit referred to in paragraph (b) of this Section and that the report 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.

Section 4.02. The Borrower shall:

(a) take all necessary measures for the prompt deposit in FNE of the proceeds of the Sanitation Tax; and

(b) cause SODECI to transfer into FNE the proceeds of the Surcharge in accordance with the provisions of the Concession Contract.

Section 4.03. (a) Except as the Bank shall otherwise agree, the Borrower's operation of the Abidjan Sewerage and Drainage System shall allow to generate, for each of its Fiscal Years after its Fiscal Year ending on December 31, 1989, revenues at least equal to total operating expenses of said system during the same Fiscal Year.

(b) Before December 1 in each of its Fiscal Years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirement set forth in paragraph (a) in respect of such Fiscal Year and the next following Fiscal Year and shall furnish to the Bank the results of such review.

(c) If any such review shows that the Borrower would not meet the requirement set forth in paragraph (a) for the Borrower's Fiscal Year covered by such review, the Borrower shall promptly take all necessary measures in order to meet such requirement.

(d) For the purposes of this Section:

(i) The term "revenues" means the sum of total operating revenues and net non operating income.

(ii) The term "total operating revenues" means revenues from the Sanitation Tax and the portion of the Surcharge allocated to debt service previously carried by the Fonds National de l'Assainissement for Abidjan Sewerage and Drainage System.

(iii) The term "net non operating income" means the difference between: (A) revenues from all sources other than total operating revenues; and (B) expenses, including taxes and payments in lieu of taxes incurred in the generation of revenues in (A) above.

(iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation on a straight-line basis at a rate of not less than 2.4% per annum of the average current

gross value of Abidjan Sewerage and Drainage System's fixed assets in operation, or other basis acceptable to the Bank, but excluding interest and other charges on debt.

(v) The average current gross value of Abidjan Sewerage and Drainage System's fixed assets in operation shall be calculated as one-half of the sum of the gross value of said system's fixed assets in operation at the beginning and at the end of the Fiscal Year, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Bank.

Section 4.04. The Borrower shall take all necessary measures to have the register of all Abidjan Sewerage and Drainage System's fixed assets kept up to date, under the supervision of DCGTX, and to have said fixed assets annually revalued on a notional basis.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that:

- (i) Subject: to subparagraph (ii) of this paragraph:
- (A) the right of the Borrower to withdraw the proceeds of the EIB Loan made to the Borrower for the financing of the Project shall have been terminated in whole or in part, pursuant to the terms of the EIB Loan Agreement providing therefor, or suspended, cancelled or
 - (B) the EIB Loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that:
- (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under the EIB Loan Agreement; and
 - (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the EIB Loan Agreement has been executed and delivered and any condition precedent to its effectiveness or to the right of the Borrower to make withdrawals thereunder, except for the effectiveness of this Loan Agreement have been fulfilled.

Section 6.02. 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 VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower in charge of Economy and Finance 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:

Ministry of Economy and Finance
P.O. Box V 125
Abidjan
Republic of Cote d'Ivoire

Cable address:

MINFIN
Abidjan

Telex:

23747

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:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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 COTE D'IVOIRE

By /s/ Saraka Bra

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Edward V. K. Jaycox

Regional Vice President
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) Supply and installation of sewers, construction of stations and equipments for Parts A.1 and A.2 of the Project, and vehicles for Part B of the Project	20,400,000	100%
(2) Civil works and equipment for Part A.3 of the Project	200,000	100%
(3) Goods and Works for on-site sanitation (Part A.4 of the Project)	100,000	100%
(4) Equipment and chemicals for Parts C.1 and C.2 of the Project	100,000	100%
(5) Consultants' services	100,000	100%
(6) Unallocated	1,000,000	
TOTAL	21,900,000	

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.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen Abidjan's households and industrial waste water disposal facilities and to restore the ecological conditions of Abidjan's lagoon.

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. Completion of the construction of the main north-south sewerage interceptor from Abidjan's lagoon to the Atlantic ocean (about 6.5 km).

2. Construction of secondary and tertiary sewers for connecting the industrial

zones and quarters equipped with tertiary sewers to the main interceptor (about 27 km), and construction of eight appertaining pumping stations.

3. Construction of 10 septage discharge stations along the north-south interceptor and the overall sewer collecting system for septage discharge by pump trucks.

4. Construction and equipping of a pilot sanitation component in a squatters area of Abidjan to achieve 1000 sewage management through appropriate individual building subsurface disposal system with the objective of developing appropriate design/cost criteria for a possible extension of this pilot approach.

Part B:

Construction of an outfall with a diffuser system to the Atlantic Ocean, extending to about 1.2 km offshore, including sand trap, floatable removal plant, a large pumping station, sludge containers and two trucks for disposal of digested sludge.

Part C:

1. Acquisition of equipment and chemicals for the implementation by the Ministry in charge of Industry of the permit system for industrial waste discharge into the Lagoon and the sewers networks.

2. Acquisition of equipment and chemicals for the pollution control laboratory of MM and of the Centre de Recherches Oceanographiques for monitoring of the lagoon and ocean water quality.

3. Feasibility study of, and preparation of a master plan for, Abidjan's entire sanitation and environmental protection system.

* * *

The Project is expected to be completed by June 30, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
May 1, 1995	400,000
November 1, 1995	415,000
May 1, 1996	430,000
November 1, 1996	445,000
May 1, 1997	465,000
November 1, 1997	480,000
May 1, 1998	500,000
November 1, 1998	520,000
May 1, 1999	540,000
November 1, 1999	560,000
May 1, 2000	585,000
November 1, 2000	605,000
May 1, 2001	630,000
November 1, 2001	655,000
May 1, 2002	680,000
November 1, 2002	705,000
May 1, 2003	735,000
November 1, 2003	760,000
May 1, 2004	790,000
November 1, 2004	820,000
May 1, 2005	855,000
November 1, 2005	885,000
May 1, 2006	920,000
November 1, 2006	955,000
May 1, 2007	995,000

November 1, 2007	1,030,000
May 1, 2008	1,070,000
November 1, 2008	1,110,000
May 1, 2009	1,155,000
November 1, 2009	1,205,000

* 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 at percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works 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 1985 (the Guidelines).

2. To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost the equivalent of CFAF 150,000,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part

A 1 hereof, goods manufactured in Cote d'Ivoire 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

Civil works estimated to cost less than the equivalent of CFAF 3,000,000,000 per contract, excluding value added tax, equipment and vehicles estimated to cost less than the equivalent of CFAF 150,000,000 per contract excluding value added tax, may be procured under contracts awarded on the basis of local competitive bidding, in accordance with paragraph 3.3 of the Guidelines, with local advertising for contracts for equipment and vehicles and, in addition, notification of diplomatic missions in Cote d'Ivoire in the case of contracts for works, all in accordance with procedures satisfactory to the Bank.

Part D: Review by the Bank of Procurement Decisions

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

(a) With respect to each contract for civil works estimated to cost the equivalent of CFAF 500,000,000 or more excluding value added tax, and with respect to each contract for equipment and vehicles estimated to cost the equivalent of CFAF 50,000,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract 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 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) 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. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

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

Section II. Employment of Consultants

In order to assist the Borrower in carrying out Part A.4 of the Project, the Borrower shall employ or cause to be employed 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 through 5 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, works 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 CFAF 100,000,000 to be withdrawn from the Loan Account and deposited into 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 into the Special Account such 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 made 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 an 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; (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.

