

CONFORMED COPY

LOAN NUMBER 2902 JO

(Shidiya Phosphate Mine Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JORDAN PHOSPHATE MINES CO., LTD.

Dated February 10, 1988

LOAN NUMBER 2902 JO

LOAN AGREEMENT

AGREEMENT, dated February 10, 1988 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and JORDAN PHOSPHATE MINES CO., LTD. (the Borrower).

WHEREAS (A) the Hashemite Kingdom of Jordan (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee 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;

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) "Articles of Association" means the Articles of Association of the Borrower dated March 8, 1949, as amended to the date of this Agreement;

(b) "By-laws" means the By-laws of the Borrower dated April 29, 1987, as amended to the date of this Agreement;

(c) "Mine" means the Shidiya phosphate mine in the Shidiya phosphate deposit, located in the south of Jordan approximately 50 kilometers south-east of the city of Ma'an and 120 kilometers north-east of the port of Aqaba; and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to thirty-one million dollars (\$31,000,000).

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 shall, for the purposes of the Project, open and maintain in dollars a special account in a bank acceptable to the Bank, on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1994 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor 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 per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester,

the Bank shall notify the Guarantor and the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section and Section 2.08:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of 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 3 to this Agreement.

Section 2.08. The Borrower shall pay to the Guarantor a guarantee fee annually on September 15 on the amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to ten percent of the amount of interest payable in accordance with Section 2.05.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project, (except Parts B (1) and B (2) thereof) with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and mining practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

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

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. The Borrower shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, engineering and mining practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 4.02. The Borrower shall at all times operate and maintain its facilities (including the Mine), machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance: (a) with sound engineering, financial and mining practices; and (b) with environmental and safety standards acceptable to the Bank.

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 4.04. The Borrower shall at all times take all measures necessary to maintain its corporate existence, to carry on its operations and to acquire, maintain and renew all such rights, powers, privileges, franchises and interests in land and water as shall be necessary or useful for its operations or the carrying out of the Project.

Section 4.05. Except in the normal course of its business, the Borrower shall not, without the Bank's consent, sell, lease, transfer or otherwise dispose of any of its property or assets required for the efficient conduct of its business or the carrying out of the Project.

Section 4.06. Except as the Bank shall otherwise agree, the Borrower shall ensure that: (i) at the end of fiscal year 1988, the value of its inventory of spare parts will not exceed the value of spare parts consumed during a ten month period of the previous fiscal year; (ii) at the end of fiscal year 1989, the Borrower shall ensure that the value of its inventory of spare parts will not exceed the value of spare parts consumed during an eight month period of the previous fiscal year; and (iii) for successive fiscal years, the Borrower shall ensure that the value of its inventory for spare parts will not exceed the value of spare parts consumed during a six month period of the previous fiscal year.

ARTICLE V

Financial Covenants

Section 5.01. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Borrower shall:

- (i) maintain separate records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for its Mining and Fertilizer Units;
- (ii) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (iii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iv) furnish to the Bank such other information concerning said records, accounts and financial statements as well as 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, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 5.02. (a) Except as the Bank may otherwise agree, the Borrower shall not incur any debt after December 31, 1987, unless the net revenues of the Borrower for the fiscal year immediately preceding the date of such incurrence or for a later twelve-month period ended prior to the date of such incurrence, whichever is the greater, shall be at least 1.5 times the estimated maximum debt service requirements of the Borrower for any succeeding fiscal year on all debt of the Borrower, including the debt to be incurred.

(b) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt after December 31, 1987, if after the incurrence of such debt the ratio of debt to equity shall be greater than 60 to 40.

(c) Except as the Bank shall otherwise agree, the Borrower shall not enter into any loan, contract or agreement or other instrument providing for the incurrence of debt in an amount greater than one million five hundred thousand Jordanian Dinars (JD 1,500,000).

(d) For purposes of this Section and Section 5.05:

- (i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term "net revenues" means the difference between:
 - (A) the sum of revenues from all sources related to operations adjusted to take account of the Borrower's prices in effect at the time of the incurrence of debt even though they were not in effect during the twelve-month period to which such revenues relate and net non-operating income; and
 - (B) the sum of all expenses related to operations including administration, adequate main-

tenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

- (iv) The term "net non-operating income" means the difference between:
 - (A) revenues from all sources other than those related to operations; and
 - (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
- (v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
- (vi) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.
- (vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 5.03. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain, for each of its fiscal years after its fiscal year ending on December 31, 1987, a ratio of total working expenses to total operating revenues not higher than 0.8.

(b) Before June 30 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 requirements set forth in paragraph (a) in respect of such year and the next following fiscal year, and shall furnish to the Bank the results of such review upon its completion.

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

(d) For the purposes of this Section:

- (i) The term "total working expenses" means all expenses related to operations, including administration, adequate maintenance, taxes other than income taxes (if any), but excluding interest, other charges on debt, and depreciation.
- (ii) The term "total operating revenues" means revenues from all sources related to operations.

Section 5.04. (a) The Borrower shall, not later than June 30, 1988, prepare, as part of its financial planning procedures, a five year financing and investment plan taking into account alternative financing sources and associated costs. Such plan shall include a study of the impact of such planned investments on the Borrower's finances and, if necessary, recommend measures to ensure a continued and improving trend in the Borrower's financial performance.

(b) The Borrower shall update the said financing and investment plan each fiscal year and provide the Bank with a copy of the plan and each update together with a complete set of financial projections for the Bank's review and comment at least six (6) months before the commencement of each fiscal year.

Section 5.05. The Borrower shall take all action required to effect, not later than December 31, 1988, an increase in its capital stock in the amount necessary to ensure that the value of its equity is equal to or greater than eighty million Jordanian Dinars (JD 80,000,000).

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) The Articles of Association or the By-laws shall have been amended, suspended, abrogated, repealed or waived as to affect materially and adversely the operations or financial condition of the Borrower or its ability to carry out the Project or to perform any of its obligations under this Agreement.

(b) Any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the contractual instruments relative thereto, or any security for any such loan shall have become enforceable.

Section 6.02. 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 6.01 of this Agreement shall occur; and

(b) the event specified in paragraph (b) of Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effectiveness; Termination

Section 7.01. 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 evidence satisfactory to the Bank shall have been provided that the Borrower has acquired all such land and rights in respect of land and water as are required for carrying out of the Project, and that such land and rights in respect of land and water are available for purposes related to the Project.

Section 7.02. 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 VIII

Representative of the Borrower; Addresses

Section 8.01. The Managing Director of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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)

For the Borrower:

Jordan Phosphate Mines Co., Ltd.
P. O. Box 30
Amman
The Hashemite Kingdom of Jordan

Cable address:

PHOSPHATE
AMMAN

Telex:

21223, 22475
FOSFAT JO

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.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ A. Stoutjesdijk
Acting Regional Vice President
Europe, Middle East and North Africa

JORDAN PHOSPHATE MINES CO., LTD.

By /s/ Mohamad Kamal
Authorized Representative

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) Equipment, vehicles and machinery for Parts A and B of the Project	26,800,000	100% of foreign expenditures
(2) Consultants' services,	800,000	100% of foreign expenditures

	engineering services and training	
(3) Unallocated		3,400,000
		<hr/>
TOTAL		31,000,000

2. For the purposes of this Schedule, the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (a) developing the phosphate resources of the Mine; (b) improving the technology and increasing the output and efficiency of its phosphate production facilities; (c) modernizing pollution control measures in the production, handling and transport of phosphate; and (d) strengthening the organization and planning capabilities of the Borrower.

The Project consists of the following Parts:

Part A: Production

(1) Expanding the capacity of the Borrower's phosphate ore production through development of the Mine.

(2) Expanding the capacity of the Borrower's phosphate rock production through construction of a beneficiation plant, consisting of a vibrating screening plant, a truck loading terminal, and open storage facility.

(3) Introducing measures to reduce the generation of airborne phosphate dust at the Mine and at the Port of Aqaba.

Part B: Infrastructure

(1) Construction of a mine access road from the Mine area to the Ma'an-Saudi Arabia highway.

(2) Installation of an electricity transmission line, electricity substations, and internal power distribution facilities.

(3) Supply of water from production wells to storage reservoir, to the Mine and to the mine townsite.

(4) Construction of a mine townsite with housing, recreation, health and religious facilities.

Part C: Consultants' Services and Training

(1) Provision of consultants' services to improve the Borrower's operational and planning capabilities.

(2) Provision of an in-service and fellowship training program to upgrade the technical skills of the Borrower's work force.

(3) Provision of consultants' services to improve technology for the future development of the Borrower's operations.

* * *

The Project is expected to be completed by December 31, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each March 15 and September 15 beginning September 15, 1992 through September 15, 2004	1,190,000
On March 15, 2005	1,250,000

* 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

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a 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	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Jordan 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

Contracts for equipment, vehicles and machinery estimated to cost the equivalent of \$350,000 each, or less, and in the aggregate do not exceed the equivalent of \$2,500,000, may be awarded in accordance with limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least four qualified suppliers from at least three different countries eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

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 to be awarded in accordance with Part A and the first three contracts to be awarded in accordance with Part C of this Schedule, 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 contracts not governed by the preceding paragraph are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding 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 5.01 (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 the provision of engineering services for design and supervision of construction of the beneficiation plant and for supervision of equipment installation and in carrying out Part C of the Project, the Borrower shall employ 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.

Implementation Program

1. The Borrower shall establish an Internal Audit Unit by June 30, 1988, with such responsibilities and powers as may be necessary to ensure that each of the Borrower's Departments operates in compliance with written guidelines to be established for each Department.
2. The Borrower shall establish a Planning Unit by December 31, 1988, consisting of duly qualified and experienced staff, to provide technical planning for the Mining and Fertilizer Units of the Borrower and to provide overall corporate planning.
3. The Borrower shall unify the administration of personnel in its Mining and Fertilizer Units by December 31, 1988.
4. The Borrower shall integrate its accounting systems in its Mining and Fertilizer Units for financial and cost accounting purposes by December 31, 1988.
5. The Borrower shall establish a specialized unit for financial analysis in its Directorate of Finance by December 31, 1988, consisting of duly qualified and experienced staff.
6. The Borrower shall provide to the Bank for its review and comments, by December 31, 1988, a plan for technical assistance, including planned overseas visits and seminars, and shall ensure that individuals with qualifications and experience satisfactory to the Bank shall be appointed on terms of reference satisfactory to the Bank commencing June 30, 1989.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:
 - (a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
 - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
 - (c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.
2. Except as the Bank shall otherwise agree, 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 may be made as follows:
 - (a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, 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) The Borrower shall furnish to the Bank requests for replenishment of the Special Account at such intervals as the Bank shall specify. On the basis of such requests, the Bank shall withdraw from the Loan Account and deposit into the Special

Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments 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 the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Bank, prior to or at the time of such request, such documents and other evidence as the Bank shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Bank when either of the following situations first arises:

- (i) 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
- (ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Bank, 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. No further deposit by the Bank into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Loan Account.

