

**CONFORMED COPY**

**LOAN NUMBER 7148-JM**

# **Loan Agreement**

**(National Community Development Project)**

**between**

**JAMAICA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated October 31, 2002**

**LOAN NUMBER 7148-JM**

**LOAN AGREEMENT**

AGREEMENT, dated October 31, 2002 , between JAMAICA (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 (the Project), has requested the Bank to assist in the financing of the Project;

(B) the Project will be carried out by the Jamaica Social Investment Fund (JSIF) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to JSIF the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Bank and JSIF (the Project 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 for Fixed-Spread Loans" of the Bank dated September 1, 1999 (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) "Beneficiary Community" means a group of persons which are eligible, pursuant to the criteria set forth in the Operational Manual, to benefit from a JSIF Subproject;

(b) "Community Subproject" means any of the investments referred to in Part A. 2 of the Project;

(c) "Community Subproject Agreement" means any of the agreements referred to in Section 2.07 (b) of the Project Agreement;

(d) "Eligible Community" means a group of individuals organized as an entity with legal personality that is legally authorized to operate in the Borrower's territory and meets the criteria set forth in the Operational Manual to carry out a Community Subproject;

(e) "FMR" means each report prepared in accordance with Section 4.02 of the Project Agreement;

(f) "Fiscal Year" means the Borrower's fiscal year commencing on April 1 and ending on March 31;

(g) "JSIF Articles" means the Memorandum and Articles of Association of JSIF, both dated February 26, 1996;

(h) "JSIF Subproject" means any of the investments referred to in Part A. 1 of the Project;

(i) "JSIF Subproject Arrangement" means any of the arrangements referred to in Section 2.07 (a) of the Project Agreement;

(j) "Management Information System" means JSIF's management information system, which includes, inter alia, data base of: (i) standard regionalized unit prices of works and goods to be used as a reference for the costing of Subprojects; (ii) total Project costs; and (iii) performance records of contractors and consultants for the Project;

(k) "Operational Manual" means the manual referred to in Section 2.02 (a) of the Project Agreement, as such manual may be amended from time to time with the agreement of the Bank;

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

(m) "Subproject" means a Community Subproject and/or a JSIF Subproject;  
and

(n) "Subsidiary Agreement" means the agreement referred to in Section 3.01(c) of this Agreement, and such term includes all schedules to the Subsidiary Agreement.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to JSIF.

## **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, an amount equal to fifteen million Dollars (\$15,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

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, works, training and consultants' services required for the Project and to be financed out of the proceeds of the Loan and in respect of the front-end fee referred to in Section 2.04 of this Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04(c) of the General Conditions.

(b) The Borrower may for the purposes of the Project open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2007 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 front-end fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective

Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in Section 2.01(7)

of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04(c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 to this Agreement.

Section 2.10. Without limitation upon the provisions of paragraph (a) of Section 2.09 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

Section 2.11. The Managing Director of JSIF (or such person or persons as such Managing Director shall designate in writing) is designated as representative of the Borrower for the purpose of taking any action required or permitted to be taken under the provisions of Section 2.02 (a) of this Agreement and Article V of the General Conditions with respect to withdrawal of funds from the Loan Account for goods, works, training and consultant's services for the Project.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause JSIF to perform in accordance with the provisions of the Project Agreement all the obligations of JSIF therein set forth, shall take or cause to be taken all action including the provisions of funds, facilities, services and other resources necessary or appropriate to enable JSIF to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Loan available to JSIF on a grant basis under a subsidiary agreement to be entered into between the Borrower and

JSIF, under terms and conditions which shall have been approved by the Bank, as the same may be amended from time to time with the agreement of the Bank.

(c) The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by JSIF pursuant to Section 2.04 of the Project Agreement.

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and separate accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan Account was made; and
- (iii) enable the Bank's representatives to examine such records.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such Fiscal Year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

## **ARTICLE V**

### **Remedies of the Bank**

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

(a) JSIF shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that JSIF will be able to perform its obligations under the Project Agreement.

(c) The JSIF Articles shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of JSIF to perform any of its obligations under the Project Agreement.

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



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

(b) Any event specified in paragraph (c) of Section 5.01 of this Agreement shall occur.

## **ARTICLE VI**

### **Effective Date; Termination**

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01(c) of the General Conditions, namely, that the Subsidiary Agreement has been executed by the parties thereto.

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

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

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

Section 6.03. The date January 29, 2003 is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VII**

### **Representative of the Borrower; Addresses**

Section 7.01. Except as provided in Section 2.11 of this Agreement, the Minister of Finance and Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance and Planning  
30 National Heroes Circle  
Kingston 4  
Jamaica, WI

Facsimile: (876) 924-9291

For the Bank:

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

|                               |                                |                |
|-------------------------------|--------------------------------|----------------|
| Cable address:                | Telex:                         | Facsimile:     |
| INTBAFRAD<br>Washington, D.C. | 248423 (MCI) or<br>64145 (MCI) | (202) 477-6391 |

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.

JAMAICA

By /s/ Seymour Mullings

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Mauricio Carrizosa

Acting Regional Vice President  
Latin America and the Caribbean

**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:

| <u>Category</u>   | <u>Amount of the<br/>Loan Allocated<br/>(Expressed in<br/>Dollars)</u> | <u>% of<br/>Expenditures<br/>to be financed</u> |
|---|--|---|
| (1) Goods, works, consultants' services and/or training, as the case may be:  |  |   |
| (a) under JSIF Subprojects carried out after the condition set forth in Section 2.09 of the Project Agreement has been met; | 6,800,000  | 65%   |
| (b) under other JSIF Subprojects  | 3,000,000  | 65%   |
| (2) Goods and/or works, as the case may be, under Community Subprojects   | 2,580,000  | 80%   |
| (3) Goods except as covered under Categories (1) and (2) above  | 300,000  | 85%   |
| (4) Consultants' services except as covered under Category (1) above  | 1,920,000  | 80%   |

| <u>Category</u>   | <u>Amount of the<br/>Loan Allocated<br/>(Expressed in<br/>Dollars)</u> | <u>% of<br/>Expenditures<br/>to be financed</u>     |
|---|--|---|
| (5) Training except as covered under Category (1) above     | 250,000  | 85%   |
| (6) Front-end fee   | 150,000  | Amount due under Section 2.04 of this Agreement     |
| (7) Premia for Interest Rate Caps and Interest Rate Collars | 0  | Amount due under Section 2.09 (c) of this Agreement |
|   | <hr/>  |   |
| TOTAL   | <u>15,000,000</u>  |   |

2. For the purposes of this Schedule, the term “training” means reasonable expenditures (other than those for consultants’ services) incurred by JSIF to finance transportation costs and per-diem of trainees, rental of training facilities and rental and/or acquisition of training equipment.

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

(a) payments for expenditures prior to the date of this Agreement;

(b) payments made for expenditures under Category (1) (a) and (b) set forth in the table in paragraph 1 of this Schedule, unless the corresponding JSIF Subproject Agreement has been signed by the parties thereto;

(c) payments made for expenditures under Category 1 (a) set forth in such table, until disbursements from the Loan proceeds have started to be made for expenditures under Category (2) set forth in such table; and

(d) payments made for expenditures under Category (2) set forth in such table, unless the corresponding Community Subproject Agreement has been signed by the parties thereto.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts not requiring Bank prior review pursuant to Schedule 1 of the Project Agreement, under such terms and conditions as the Bank shall specify by notice to the Borrower.

## SCHEDULE 2

### Project Description

The objectives of the Project are to: (a) provide basic services and temporary employment opportunities to low-income communities in Jamaica; and (b) promote greater social and community development in Jamaica, especially among the poor.

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: Subprojects

1. Carrying out by JSIF of the following demand-driven investments: (a) social infrastructure projects which consist of: (i) the rehabilitation, expansion or construction of schools, health centers, day care centers, shelter homes for children, the elderly and the disabled, community centers, training facilities and sport facilities (including the acquisition and utilization of the goods required therefor); or (ii) the rehabilitation or construction of latrines, community showers, drains and canals and community-based water systems (including the acquisition and utilization of the goods required therefor); (b) economic infrastructure projects which consist of: (i) the rehabilitation or upgrading of parochial, feeder and urban access roads (including the acquisition and utilization of the goods required therefor); or (ii) the rehabilitation or construction of community-based agro-processing facilities (including the acquisition and utilization of the goods required therefor); or (c) social services projects which consist of: (i) the provision of technical assistance and training in career guidance, job placement, counseling, and parenting and family-life education; or (ii) the provision of training in productive sector skills.

2. Carrying out by Eligible Communities of the same type of demand-driven investments referred to in Part A. 1 (a) and (b) above, costing no more than \$100,000 equivalent each.

#### Part B: Technical Assistance and Institutional Strengthening

1. Strengthening of the institutional, operational and administrative capacity of JSIF to promote Subprojects through, *inter alia*, the provision of training to JSIF staff.

2. Provision of technical assistance and training to: (a) the Borrower's Social Development Commission, non-governmental organizations and Eligible Communities in the identification, preparation, implementation and management of Community

Subprojects; and (b) the Beneficiary Communities to enable such communities to maintain and operate the JSIF Subprojects.

Part C: Project Administration

1. Provision of technical assistance and training to JSIF for purposes of monitoring and supervising the Project, including the acquisition and utilization of goods required to discharge said function.
2. Hiring of consultants to assist the JSIF in carrying out its activities.
3. Carrying out of Project audits as referred to in Sections 4.01 (b) (i) of this Agreement and of the Project Agreement.

\* \* \*

The Project is expected to be completed by July 31, 2007.



### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date[, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

| <u>Payment Date</u>   | <u>Installment Share</u><br><u>(Expressed as a %)</u> |
|---|---|
| On each February 15 and August 15                           |   |
| beginning on February 15, 2008<br>through February 15, 2019 | 4.17%   |
| on August 15, 2019  | 4.09%   |

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph 3, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

#### **SCHEDULE 4**

##### **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 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 the amount of \$500,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that the Bank may increase the Authorized Allocation to an amount not exceeding \$1,500,000 based on the amounts and frequencies of withdrawal applications submitted by the Borrower, as well as on the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, for the Project.
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 deposit into the Special Account of an amount or amounts 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 amount or amounts as the Borrower shall have requested.
  - (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Category, 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;

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

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

- (d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the respective 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.