

CONFORMED COPY

CREDIT NUMBER 2136 RW

Development Credit Agreement

(Transport Sector Project)

between

THE RWANDESE REPUBLIC

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 31, 1990

CREDIT NUMBER 2136 RW

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 31, 1990, between the RWANDESE REPUBLIC (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated April 30, 1990, from the Borrower describing a program of policies, goals and actions designed to reform the Borrower's transport sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower intends to contract from the Fonds European de Developpement (FED) a grant (the FED Grant) in an amount equivalent to \$32,600,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the FED Grant Agreement) to be entered into between the Borrower and FED;

(C) the Borrower intends to contract from Government of the Swiss Confederation (Switzerland) a non-reimbursable contribution (the Swiss Contribution) in an amount of SwF 15,000,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the Swiss Contribution Agreement) to be entered into between the Borrower and Switzerland;

(D) Switzerland has appointed the Association to administer the Swiss Contribution in accordance with the provisions of a Procedural Arrangement, dated April 9, 1987 (the Arrangement), between Switzerland and the Association, the Association has

accepted such appointment and the Association shall administer the Swiss Contribution in accordance with the provisions of this Agreement;

(E) the Borrower has contracted from the OPEC Fund for International Development (OPEC) a loan (the OPEC Loan) in an amount of \$4,000,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the OPEC Loan Agreement) dated February 23, 1990 between the Borrower and the OPEC;

(F) the Borrower has contracted from the Kreditanstalt fur Wiederaufbau, an agency of the Federal Republic of Germany (KfW), a grant (the KfW Grant) in an amount of 11,000,000 deutsche mark to assist in financing Part C of the Project on the terms and conditions set forth in an agreement (the KfW Grant Agreement) dated April 27, 1988 entered into between the Borrower and KfW;

(G) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit 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 Development Credit Agreements" of the Association, 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) "MINITRANSCO" means Ministere du Transport et des Communications, the Borrower's Ministry of Transport and Communications;

(b) "MINITRAPE" means Ministere des Travaux Publics, de l'Energie et de l'Eau, the Borrower's Ministry of Public Works, Power and Water;

(c) "Public Expenditure Program" means the program referred to in Section 3.03 (b) (i) of this Agreement as such program may be revised after each of the joint reviews referred to in Section 3.03 (a) of this Agreement;

(d) "Action Plan" means the plan of action annexed to the letter referred to paragraph (A) of the Preamble to this Agreement as such Plan may be revised after each of the joint reviews referred to in Section 3.03 (a) of this Agreement;

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

(f) "Swiss Contribution Account" means the account established by Switzerland in the Banque Nationale Suisse for the purposes of the Swiss Contribution;

(g) "Road Fund" means the fund established by the Borrower's Law No. 20/1989 of September 11, 1989 to finance, inter alia, the maintenance of the Borrower's roads; and

(h) "Fiscal Year" means the fiscal year of the Borrower which runs concurrently with the calendar year.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to thirty one million one hundred thousand Special Drawing Rights (SDR 31,100,000).

Section 2.02. (a) The amount of the Credit and the amount of the Swiss Contribution may be withdrawn from the Credit Account and the Swiss Contribution Account, respectively, in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association 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 Credit and the Swiss Contribution.

(b) Except as the Association and Switzerland shall otherwise agree, the allocation and withdrawal of the Swiss Contribution shall be governed, mutatis mutandis, by the provisions of the General Conditions.

(c) The Borrower shall, for the purposes of the Project, open and maintain a special account in dollars in its Central Bank on terms and conditions satisfactory to the Association. 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 June 30, 1997 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent ($1/2$ of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1,

commencing August 1, 2000 and ending February 1, 2030. Each installment to and including the installment payable on February 1, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

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 Parts A, B and C of the Project through MINITRAPE, Part D of the Project through both MINITRAPE and MINITRANSCO, and Part E of the Project through MINITRANSCO, all with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Association 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 Credit and the Swiss Contribution shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Borrower, the Association and Switzerland, if Switzerland shall so request, shall, not later than September 30 in each year during Project implementation, starting in 1991, jointly review the progress achieved in carrying out the Project and the Program including the Action Plan.

(b) the Borrower shall furnish to the Association as soon as practicable after the joint review referred to in paragraph (a) above, but in any event not later than November 30 in each year before the completion of the Project, the following documentation satisfactory to the Association: (i) a three-year rolling public expenditure program for its transport sector for the period commencing the following January 1 (the Public Expenditure Program); (ii) a road maintenance work program for the next Fiscal Year, including a description of activities of the brigades and

contractors; and (iii) when appropriate, a revised Action Plan based on the recommendations acceptable to the Borrower and the Association of the joint review referred to in paragraph (a) of this Section.

(c) In formulating MINITRAPE's and MINITRANSCO's budgets the Borrower shall: (i) give priority to road maintenance over new construction; (ii) allocate every year to road maintenance, through the Road Fund, not less than the equivalent of six million Special Drawing Rights (SDR 6,000,000) or such other amount as shall be agreed upon by the Borrower and the Association; and (iii) allocate at least 10% of the Road Fund to the maintenance of its communal roads.

Section 3.04. The Borrower shall implement the recommendations acceptable to the Borrower and the Association of each of the joint reviews referred to in Section 3.03 (a) of this Agreement.

Section 3.05. The Borrower shall, for the purposes of Part D of the Project, furnish to the Association not later than December 31, 1990 a manpower development and training program acceptable to the Association for staff of MINITRAPE and MINITRANSCO.

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 (including the Road Fund) 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 the Special Accounts for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account or the Swiss Contribution Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account or the Swiss Contribution Account was made, all records (contracts, orders, invoices, bills receipts and other documents) evidencing such expenditures;
- (iii) enable the Association'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.

ARTICLE V

Remedies of the Association

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

(a) A situation shall have arisen which shall make it improbable that the Program (including the Action Plan), or a significant part thereof, will be carried out.

(b) The implementation of the Program (including the Action Plan) or of the Public Expenditure Program shall have been suspended or terminated or shall have materially deviated from such Program or Public Expenditure Program as defined in this Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Borrower to withdraw the proceeds of the Swiss Contribution, the FED Grant, the KfW Grant or the OPEC Loan shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the Agreements providing therefor, or
- (B) the OPEC Loan shall have become due and payable prior to the agreed maturity thereof.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Ministere des Finances of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Condition.

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

For the Borrower:

Ministere des Finances
B.P. 158 Kigali
Rwanda

Cable address:

MINIFIN-RUANDA

Telex:

22687
MINFIN-RW

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INDEVAS
Washington, D.C.

197688 (TRT)
248423 (RCA)
64145 (WUI) or
82987 (FTCC)

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.

RWANDESE REPUBLIC

By /s/ Aloys Uwimana

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Francisco Aguirre-Sacasa
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit and the Swiss Contribution, the allocation of the amounts of the Credit and the Swiss Contribution to each Category and the percentage of expenditures for items so to be financed in each Category:

| Category | Amount of the Credit Allocated (Expressed in SDR Equivalent) | Amount of the Loan Allocated (Expressed in Dollar Equivalent) | % of Expendi- tures to be Financed |
|--|--|---|--|
| (1) Civil works: | | | |
| (a) under Part A of the Project to be financed by: | | | |
| (i) the Asso- ciation | | 7,360,000 | 35% |
| (ii) Switzer- land | | 15,000,000 | 40% |
| (b) for reha- bilitation and recon- struction under Part B of the Project | 2,710,000 | | 90% |
| (c) for routine | 4,190,000 | | 90% |

| | | | |
|-----|---|--------------------|--|
| | and periodic road maintenance under Part B of the Project | | |
| | (d) under Part E of the Project | 1,010,000 | 90% |
| (2) | Equipment, spare parts, materials and supplies: | | 100% of foreign expenditures and 90% of local expenditures |
| | (a) under Part C of the Project | 6,120,000 | |
| | (b) under Part E of the Project | 2,090,000 | |
| (3) | Consultants' services and technical assistance | 3,720,000 | 100% of foreign expenditures and 90% of local expenditures |
| (4) | Training and studies | 700,000 | 100% of foreign expenditures and 90% of local expenditures |
| (5) | Unallocated | 3,200,000 | |
| | TOTAL | 3,100,000 ===== | 15,000,000 ===== |

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

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

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

(b) payments made under Category (1)(a) unless and until: (i) all conditions precedent to the effectiveness of the FED Grant Agreement, the OPEC Loan Agreement and the Swiss Contribution Agreement, with the exception of those relating to the right to withdraw funds under this Agreement, have been fulfilled; and (ii) the Borrower has furnished to the Association an expropriation and resettlement plan satisfactory to the Association in respect of people affected by the upgrading of the Gitarama-Kibuye Road;

(c) payments made under Categories (1)(d) and (2)(b) unless and until a contract acceptable to the Association has been entered into between the Borrower and an entity acceptable to the Association which provides for such entity to operate the shipyard to be

constructed under Part E.1 of the Project.

(d) payments made under Category (1)(c) in respect of a commune unless and until an agreement satisfactory to the Association has been entered into between the Borrower and the administrative authority having jurisdiction over such commune providing for the carrying out by work groups of the routine road maintenance works under Part B of the Project.

SCHEDULE 2

Description of the Project

The objectives of the Project are, as part of the implementation of the Program: (a) to ensure increased communal economic development in the Borrower's territory through improvement of roads; (b) to implement cost effective approaches to design, construction, supervision and maintenance of the Borrower's road network; (c) to protect capital investment in, and increase the service life of, international and national roads in the Borrower's territory; (d) to strengthen the institutions responsible for the maintenance of the Borrower's roads; (e) to improve (i) resource mobilization for road maintenance activities; (ii) efficiency of road maintenance operations in particular as expressed in cost per kilometer; and (iii) the balance between road maintenance and construction; (f) to improve lake transport and access to the Lake Kivu shore; and (g) to improve road safety in the Borrower's territory.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A

Upgrading and paving of the Gitarama - Kibuye road.

Part B

Rehabilitation, reconstruction and routine maintenance, as appropriate, of about 600 kilometers of communal roads.

Part C

Carrying out of a four-year national road maintenance program including:

1. Resurfacing of about 200 kilometers of the Borrower's paved routes nationales d'interet international (RNI), routes nationales d'interet national (RNN) and routes nationales d'interet communal (RNC) and regravelling of about 1,200 kilometers of gravel national roads.
2. Rehabilitation, through patching, of the Borrower's entire I paved road network and grading of about 2,600 kilometers of unPaved roads.
3. Labor-intensive routine maintenance of about 2,300 kilometers of gravel roads and about 1,800 kilometers of earth roads.
4. Routine maintenance of urban roads and of traffic signals and markings.
5. Periodic bridge maintenance.
6. Acquisition of equipment, spare parts, materials and supplies, including computer hardware and software for a pavement management system and road data base for the purposes of Parts C.1 to C.5 of the Project.

Part D

Carrying out of a manpower development and training program for staff of MINITRAPE and MINITRANSCO and of private small- and medium-scale road contractors.

Part E

1. Construction of a shipyard and of additional quays at Lake Kivu.
2. Construction of a vehicle inspection station in Kigali and acquisition of equipment, materials and supplies including computer hardware and software for a vehicle inspection system.

* * *

The Project is expected to be completed by December 31, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D 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. Bidders for works included under Parts A and E of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

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 Rwanda 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Routine road maintenance works under Part B of the Project shall be done by Force Account.
2. Rehabilitation and reconstruction works under Part B of the Project and construction works under Part E of the Project may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association, provided that works up to an aggregate amount not to exceed \$4,000,000 shall be sub-divided into lots of not less than \$100,000 and not more than \$500,000.
3. Equipment, spare parts, materials and supplies estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$500,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. (a) With respect to each contract estimated to cost the equivalent of \$100,000 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 Association pursuant to said paragraph 2 (d) shall be furnished to the Association 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, 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 Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

3. 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 the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association 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 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (4) 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 Credit or the Swiss Contribution 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: (i) an amount equivalent to \$900,000 to be withdrawn from the Credit Account and an amount of SwF 500,000 to be withdrawn from the Swiss Contribution 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 Association 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 Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit Account or the Swiss Contribution 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 Association requests for deposits into the Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit Account or the Swiss Contribution 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 Association from the Credit Account or the Swiss Contribution 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 Association shall reasonably request, furnish to the Association 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 Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account or the Swiss Contribution 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 Credit or the Swiss Contribution allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association 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 Credit Account and the Swiss Contribution Account of the remaining unwithdrawn amount of the Credit and the Swiss Contribution allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association 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 Association 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association

may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association 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 Association 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 Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account or the Swiss Contribution Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

