CREDIT NUMBER 1969 TA

(Industrial Rehabilitation and Trade Adjustment Credit)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 30, 1988

CREDIT NUMBER 1969 TA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 30, 1988 between UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter dated November 9, 1988, from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's industrial sector and trade policy (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in the financing of urgently needed imports and services required during such execution;

(B) the Borrower intends to contract from the African Development Fund (AfDF) a loan (the AfDF Loan) in an amount of twenty million Fund Units of Account (FUA 20,000,000) to assist in financing the Program on the terms and conditions set forth in an agreement (the AfDF Loan Agreement) to be entered into between the Borrower and AfDF; (C) the Borrower intends to obtain from the Kingdom of the Netherlands (the Netherlands) a grant (the Netherlands Grant) in an amount of twenty million Dutch Florints (D.Fl. 20,000,000) to assist in financing the Program;

(D) the Borrower intends to obtain from the United Kingdom of Great Britain and Northern Ireland (UK) a grant (the UK Grant) equivalent to eight million pounds Sterling (u 8,000,000) to assist in financing the Program;

(E) the Borrower has requested from the Swiss Confederation a non-reimburseable contribution (the Swiss Contribution) in an amount approximately equivalent to twenty million Swiss Francs (SwF 20,000,000) to assist in financing the Program on the terms and conditions set forth in a bilateral agreement (the Swiss Contribution Agreement) to be entered into between the Borrower and Switzerland;

(F) Switzerland intends to appoint the Association to administer the Swiss Contribution in accordance with the provisions of the Procedural Arrangements dated April 9, 1987, (the Arrangement) between Switzerland and the Association;

(G) on the basis, inter alia, of the foregoing, the Association has decided in support of the Program to provide such assistance to the Borrower by making the Credit in two tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 9, shall be modified to read:

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

(b) Section 9.06 (c) shall be modified to read:

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

(c) the last sentence of Section 3.02 is deleted.

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) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986); (b) "TSh" and "Tanzania Shilling" mean the currency of the Borrower;

(c) "Special Accounts" means the accounts referred to in Section 2.02 (c) of this Agreement;

(d) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated May 16, 1988, and June 7, 1988, between the Borrower and the Association;

(e) "BOT" means the Bank of Tanzania;

(f) "to confine" means to restrict the distribution, importation or production of an item, to one or more authorized manufacturers or traders, in accordance with the Regulation of Trade Act 1980 and the Imports Control Ordinance Cap 292 of the Borrower;

(g) "Swiss Contribution Account" means the account established by Switzerland for the purpose of the Swiss Contribution; and

(h) "Procedural Arrangements" means the agreement between the Government of Switzerland and the Association for cooperation in the cofinancing of specific projects or programs within the framework of the Eighth Replenishment, dated April 9, 1987.

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 the Development Credit Agreement, an amount in various currencies equivalent to ninety-seven million six hundred thousand Special Drawing Rights (SDR 97,600,000).

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 during the execution of the Program 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 Program, open and maintain in dollars a special account (IDA Special Account) and an additional special account for the proceeds of the Swiss contribution (Swiss Special Account) in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(d) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1990, 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 a 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 the June 30 immediately preceding the accrual date or 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 as of the next payment date in that year specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988, shall be applied as of July 1, 1988.

(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 and service charges shall be payable semiannually on March 1 and September 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 semi-annual installments payable on each March 1 and September 1 commencing March 1, 1999, and ending September 1, 2028. Each installment to and including the installment payable on September 1, 2008, 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 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, 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 United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of

Section 4.02 of the General Conditions.

Section 2.09. (a) BOT is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts BOT with responsibility for the preparation of withdrawal applications under the Credit and the Swiss Contribution and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications with respect to Category (1) of the table set forth in paragraph 1 of Schedule 1 to this Agreement shall, to the extent practicable, be consolidated so as to apply for withdrawal of aggregate amounts of not less than SDR 500,000 equivalent.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 3 to this Agreement.

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

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Credit and the Swiss Contribution shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. The Borrower shall undertake an action oriented study of three industrial subsectors, namely leather/shoes, textiles and agro-processing, with a view to rehabilitating and restructuring these subsectors. To that end, 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 the 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.

Section 3.04. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Credit and the Swiss Contribution.

- (b) The Borrower shall:
 - 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 and 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 report 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 audits referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE IV

Additional Event of Suspension

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

ARTICLE V

Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.02. In the event that Switzerland or the Association terminate the functions of the Association pursuant to paragraph 5 of the Procedural Arrangements, the Association shall notify the Borrower promptly of the date on which Switzerland shall assume the rights and obligations of the Association under this Agreement.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 (a) of this Agreement, the minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance, Economic Affairs and Planning P.O. Box 9111 Dar es Salaam United Republic of Tanzania Cable address:

Telex:

41329

TREASURY Dar es Salaam

For the Association:

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

Cable address:

Telex:

INDEVAS	440098 (ITT)
Washington, D.C.	248423 (RCA) or
	64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ A. M. Hyera Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Sven Sandstrom Acting Regional Vice President Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit and the Swiss Contribution

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:

	Amount	Amount of	
	of the	the Swiss	
	Credit	Contribution	
	Allocated	Allocated	% of the
	(Expressed	(Expressed in	Expendi-
	in SDR	Swiss Francs	tures to
Category	Equivalent)	Equivalent)	be Financed

(1)	Goods and materials imported through the Open General License Facility	95,400,000	20,000,000	100% of foreign ex- penditures
(2)	Con- sultants' services	1,470,000		100%
(3)	Refunding of Project Preparation Advance	730,000		Amount due pursuant to 2.02 (d) of this Agreement

TOTAL 97,600,000 20,000,000

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

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

(a) expenditures for goods included in the following SITC groups or sub-groups, or any successor groups or sub-groups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi- precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	_	Gold, non-monetary (excluding gold ores and concentrates)

(b) payments made for expenditures prior to the date of this Agreement, and to be financed from the Credit except that withdrawals in an aggregate amount not exceeding the equivalent of

SDR 10,800,000 may be made on account of payments made for such expenditures before that date but after September 1, 1988;

(c) expenditures in respect of Category (1) and to be financed from the Swiss Contribution unless all conditions precedent to the initial disbursement of the Swiss Contribution have been met;

(d) expenditures for goods procured under contracts costing less than \$1,000 equivalent;

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

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

(g) expenditures in excess of an aggregate amount equivalent to SDR 9,800,000 for petroleum products; and

(h) expenditures for foodstuffs, crude fertilizers, crude minerals and petroleum products from the Swiss Contribution Account.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Credit and the Swiss Contribution allocated to Category (1), in the table set forth in paragraph 1 above, after the aggregate of the proceeds of the Credit and the Swiss Contribution withdrawn from the Credit Account and the Swiss Contribution Account with respect to Category 1 and the total amount of such commitments shall have reached the equivalent of: (a) SDR 47,000,000, from the Credit; and (b) SwF 10,000,000 from the Swiss Contribution, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; and (ii) that the actions described in Schedule 3 to this Agreement have been taken.

5. If, after the exchange of views described in paragraph 3 above, the Association shall have given notice to the Borrower that the progress achieved and actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

SCHEDULE 2

Procurement

1. Contracts for the procurement of goods estimated to cost the equivalent of \$2,000,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), subject to the following modifications:

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

"2.8 Notification and Advertising

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

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

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

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

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

2. Contracts for goods estimated to cost the equivalent of less than \$2,000,000 each shall be awarded on the basis of the normal procurement procedures of the purchaser of such goods.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account and the Swiss Contribution Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Association shall reasonably request.

4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account and the Swiss Contribution Account in respect thereof, such documentation and information as the Association may reasonably request to support withdrawal applications in respect of such contract.

5. Notwithstanding the provisions of paragraphs 3 and 4 of this Schedule, where payments under a contract are to be made out of the proceeds of the Special Accounts, the copies of such contract or the documentation and the information to be furnished to the Association pursuant to the provisions of paragraph 3 or paragraph 4 of this Schedule, as the case may be, shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 4 to this Agreement.

6. The provisions of the preceding paragraphs 3, 4 and 5 shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account and the Swiss Contribution Account on the basis of statements of expenditure.

SCHEDULE 3

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

The Borrower has:

(i) (a) expanded the existing Open General License Facility in accordance with a list of goods agreed with the Association; (b) agreed with the Association on a list of goods to be included in a further expansion of the facility; and (c) increased the aggregate ceiling per importer to at least \$500,000 equivalent;

- (ii) agreed with the Association on an action program for the continuation of the tariff and sales tax reform program, including the implementation of reductions in tariffs and sales tax exemptions and the institutional strengthening of the Customs Department;
- (iii) reduced the maximum export retention percentage to 35 percent of foreign exchange revenue and agreed with the Association on a limited number of exceptions;
- (iv) commenced implementation of a duty drawback scheme as agreed with the Association;
- (v) deconfined all internal trade and import of goods except: (a) the twelve price-controlled items; and (b) goods whose importation is confined for health and security reasons; and
- (vi) commenced implementation on action programs as agreed with the Association, for the rehabilitation and restructuring of the leather/shoe, textiles and agro-processing subsectors.

SCHEDULE 4

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required during the execution of the Program and to be financed out of the proceeds of the Credit and the Swiss Contribution in accordance with the provisions of Schedule 1 to this Agreement; and

(b) the term "Authorized Allocation" means: (i) an amount equivalent to SDR 30,000,000 to be withdrawn from the Credit Account and deposited in the IDA Special Account; and (ii) an amount of SwF 6,000,000 to be withdrawn from the Swiss Contribution Account and deposited in the Swiss Special Account, pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of a 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 may 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 and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Accounts, the Borrower shall furnish to the Association requests for deposits into the Special Accounts 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 and Swiss Contribution Account and deposit into the appropriate Special Account such amounts as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account and the Swiss Contribution Account 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 a 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 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;

(b) Once total unwithdrawn amount of the Credit or the Swiss Contribution 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 Program, shall equal the equivalent of the amount of the Authorized Allocation.

(c) Thereafter, withdrawal from the Credit Account or the Swiss Contribution Account of the remaining unwithdrawn amount of the Credit or the Swiss Contribution 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 a 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 a 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 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 said 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 a 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 and with the Association's consent, refund to the Association all or any portion of the funds on deposit in a 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 Swiss Contribution Account for cancellation or subsequent withdrawal as the Association may determine.