

Development Credit Agreement

(Railway Rehabilitation Project)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 30, 1995

CREDIT NUMBER 2786 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 30, 1995, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated October 5, 1995, describing a program of policies, goals and actions designed to achieve the adjustment of the Borrower's railway sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) in pursuance of its policies included in the Program, the Borrower and Burkina Faso have entered into a concession agreement dated December 12, 1994, with La Societe SITARAIL (SITARAIL) for the operation of services on the Abidjan/Ouagadougou/Kaya railway (the Concession Agreement);

(C) 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;

(D) the Borrower intends to contract from Caisse Francaise de Developpement (CFD), a loan (the CFD Loan) in an amount equivalent to twenty-six million French Francs (FF 26,000,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the CFD Loan Agreement) to be entered into between Societe Ivoirienne de Gestion du Patrimoine Ferroviaire (SIPF) and CFD;

(E) the Borrower intends to contract from the European

Investment Bank (EIB), a loan (the EIB Loan) in an amount equivalent to four million eight hundred thousand European Currency Units (ECU 4,800,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the EIB Loan Agreement) to be entered into between the Borrower and EIB;

(F) the Borrower intends to contract from the West African Development Bank (BOAD), a loan (the BOAD Loan) in an amount equivalent to four million two hundred thousand dollars (\$4,200,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the BOAD Loan Agreement) to be entered into between the Borrower and BOAD;

(G) the Borrower has received from the Kingdom of Belgium through Administration Generale pour la Cooperation et le Developpement (AGCD), a grant (the AGCD grant) in an amount equivalent to one million dollars (\$1,000,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the AGCD Grant Agreement) entered into between the Borrower and AGCD;

(H) the Project will be carried out by Societe Ivoirienne de Gestion du Patrimoine Ferroviaire (SIPF) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SIPF the proceeds of the Credit as provided in this Agreement; 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 and in the Project Agreement of even date herewith between the Association and SIPF;

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 following modifications (the General Conditions), constitute an integral part of this Agreement:

- (a) the last sentence of Section 3.02 is deleted; and
- (b) the second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (b) "Subsidiary Financing Agreement" means the agreement to be entered into between the Borrower and SIPF pursuant to

Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Financing Agreement;

(c) "SIPF" means Societe Ivoirienne de Gestion du Patrimoine Ferroviaire, a Societe d'Etat established pursuant to the Borrower's Decree No. 95-582, dated July 26, 1995;

(d) "State - SIPF Agreement" means the Agreement dated October 5, 1995 entered into between the Borrower and SIPF, to be approved by a Borrower's Decree, for the management of railway assets and of the monitoring of the concession awarded to SITARAIL;

(e) "Project Agreement" means the agreement between the Association and SIPF, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(f) "SITARAIL" means La Societe SITARAIL, a Societe Anonyme established pursuant to the laws of the Borrower;

(g) "Concession Agreement" means the agreement dated December 12, 1994, between the Borrower, Burkina Faso and SITARAIL, pursuant to which SITARAIL has been awarded a concession to operate railway services on the Abidjan-Ouagadougou-Kaya axis for a period of fifteen years;

(h) "SITARAIL Implementation Agreement" means the agreement to be entered into between SIPF and SITARAIL pursuant to Section 2.01(b) of the Project Agreement, as the same may be amended from time to time, and such term includes any schedules to the SITARAIL Implementation Agreement;

(i) "Implementation Manual" means the manual to be adopted by SIPF and SITARAIL pursuant to Section 6.01 (d) of this Agreement, specifying the Project implementation arrangements, procedures, schedules and performance indicators for the purposes of carrying out the Project; and

(j) "CFAF" means Franc de la Communauté Financière Africaine, the currency of the Borrower.

## 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 thirteen million five hundred thousand Special Drawing Rights (SDR 13,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account 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 and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in Caisse Autonome d'Amortissement (CAA) 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 3 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000, 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 canceled; 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 from the next payment 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 15 and August 15 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 15 and August 15 commencing February 15, 2006, and ending August 15, 2035. Each installment to and including the installment payable on August 15, 2015 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 French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause SIPF to perform in accordance with the provisions of the Project Agreement all the obligations of SIPF therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable SIPF 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 Credit available to SIPF under a subsidiary financing agreement to be entered into between the Borrower and SIPF, under terms and conditions which shall have been approved by the Association, which shall include, inter alia the following: (i) relending the amounts from time to time allocated to Category (1) of the table in paragraph 1 of Schedule 1 to this Agreement at an interest rate of seven and eighty hundredths percent (7.80 %) per annum, the principal to be repaid in fifteen (15) years including a grace period of three (3) years; (ii) providing the amounts from time to time allocated to Categories (2) and (3) of the table in paragraph 1 of Schedule 1 to this Agreement as a grant; and (iii) the principal of the amounts repayable by SIPF pursuant to (i) above shall be the equivalent in CFAF at the date or respective dates of withdrawal from the Credit Account of the amounts so withdrawn and outstanding.

(c) The Borrower shall exercise its rights under the Subsidiary Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Financing Agreement or any provision thereof.

(d) The Borrower shall exercise its rights under the State-SIPF Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the State-SIPF Agreement or any provision thereof.

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

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 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 SIPF pursuant to Section 2.03 of the Project Agreement.

Section 3.04. (a) The Borrower shall carry out, jointly with the Association, SIPF and SITARAIL, not later than November 30, 1997, a mid-term review of the progress made in

carrying out the Project and the Program. This review shall cover, among other things: (i) the performance of SIPF and SITARAIL in carrying out the Project; (ii) the extent to which the institutional objectives of the Project are being achieved; (iii) compliance with the financial, audit and other obligations of the Borrower, SIPF and SITARAIL, included in this Agreement, the Project Agreement and the SITARAIL Implementation Agreement; (iv) performance against the performance indicators agreed upon with the Association and specified in the Implementation Manual; and (v) procurement under the Project.

(b) The Borrower shall furnish to the Association, at least thirty days prior to such review, a report, in scope and detail satisfactory to the Association, describing the status of progress regarding the items listed in paragraph (a) above and of Project and Program implementation generally.

(c) Based on such review, the Borrower shall promptly prepare an action plan acceptable to the Association, for the further implementation of the Project, and shall promptly thereafter implement such action plan.

#### ARTICLE IV

##### Financial and Other Covenants

Section 4.01. 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 in particular on the Borrower's pricing policies for transport services and its plans in respect of the overall development of the railway sector.

Section 4.02. (a) For all expenditures with respect to which withdrawals from the Credit 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 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 Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made; and
- (iii) enable the Association'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 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 the report of such audit by said auditors, of such scope and in such detail as the Association 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 Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

#### 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) SIPF 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 Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that: (i) SIPF will be able to perform its obligations under the Project Agreement; or (ii) SITARAIL will be able to perform its obligations under the SITARAIL Implementation Agreement.

(c) The Borrower's Decree No. 95-582 dated July 26, 1995 establishing SIPF or the Borrower's Decree approving the State-SIPF Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SIPF to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SIPF or for the suspension of its operations.

(e) The Concession Agreement or the SITARAIL Implementation Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the carrying out of the Project, the ability of SIPF to perform its obligations under the Project Agreement or the ability of SITARAIL to perform its obligations under the SITARAIL Implementation Agreement.

(f) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(g) The BOAD Loan Agreement shall have failed to become effective by June 30, 1996, or such later date as the Association may agree; provided, however that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(A) The right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(B) any such loan shall have become due and payable prior to the agreed maturity

thereof.

- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:
  - (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
  - (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) 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 continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;
- (b) the event specified in paragraphs (c), (d) or (e) of Section 5.01 of this Agreement shall occur; or
- (c) any event specified in paragraph (h) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (h) (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

- (a) the Subsidiary Financing Agreement has been executed on behalf of the Borrower and SIPF;
- (b) the Association has been notified that all conditions precedent to the initial disbursement of the CFD and EIB Loan Agreements, respectively, have been fulfilled, other than those related to the effectiveness of this Agreement;
- (c) the SITARAIL Implementation Agreement has been executed on behalf of SIPF and SITARAIL;
- (d) the Implementation Manual, satisfactory to the Association, has been adopted by SIPF and SITARAIL;
- (e) SIPF has selected an independent auditor, with qualifications, experience and terms of reference, satisfactory to the Association, for the purposes of carrying out the audits required under Section 4.01 of the Project Agreement; and
- (f) the Borrower's Decree approving the State-SIPF Agreement has been published in the Journal Officiel.

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

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



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

(c) the SITARAIL Implementation Agreement has been duly authorized and ratified by SIPF and SITARAIL and is legally binding upon SIPF and SITARAIL in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy, Finance and Planning  
B.P. V 125  
Abidjan  
Republic of Cote d'Ivoire

Cable address:	Telex:
MINFIN Abidjan	23747 MINFIN

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

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

REPUBLIC OF COTE D'IVOIRE

By/s/ Moise Koumoue Koffi  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By/s/ Edward V. K. Jaycox  
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, the allocation of the amounts of the Credit 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)	% of Expenditures to be Financed
(1) Railway and telecommu- nication equipment, spares, subcomponents and instal- lation thereof under Parts B and D.1, 3 and 4 of the Project	6,110,000	100% of foreign expenditures, 100% local expenditures (ex-factory cost) and 95% of local expenditures for other items procured locally
(2) Track materials and equipment, other equip- ment and vehicles under Parts A and C of the Project	5,970,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 95% of local expenditures for other items procured locally
(3) Service contract under Part D.2 of the Project	360,000	100%
(4) Unallocated	1,060,000	
TOTAL	13,500,000	

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; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures."

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods and services with consultant firms under contracts not exceeding \$100,000 equivalent, and for

expenditures for individual consultants under contracts not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to contribute to the revitalization of the railway transport service in the Borrower's territory in order to promote competitiveness and regional integration through the rehabilitation of the railway infrastructure and equipment assets.

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: Infrastructure Rehabilitation

1. Track rehabilitation, including replacement of sleepers on about 40 kilometers and of rail on about 50 kilometers.
2. Track ballasting, and repairs of bridges, culverts and embankments.
3. Installation of weighing equipment.
4. Rehabilitation of selected workshops and workstations.

#### Part B: Motive Power and Rolling Stock Rehabilitation

1. Rehabilitation of about 9 main-line locomotives.
2. Rehabilitation of about 8 shunting locomotives.
3. Rehabilitation of about 250 freight cars and about 20 passenger coaches.
4. Establishment of a stock of essential spare parts.

#### Part C: Service Equipment and Facilities

1. Rehabilitation and acquisition of essential track maintenance equipment and tools.
2. Rehabilitation of maintenance facilities.

#### Part D: Telecommunications

1. Rehabilitation and improvement of the train-to-ground radio system.
2. Installation of a radio block operating system, including the acquisition of computers.
3. Replacement of telecommunication equipment in two major activity centers and three medium size centers.
4. Carrying out of miscellaneous small repairs, acquisition of maintenance vehicles, and establishment of a stock of essential spare parts.

#### Part E: Training

Provision of training for track rehabilitation and maintenance, commercial and marketing skills and environmental assessment and monitoring.

\* \* \*

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount in CFAF equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$250,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 6,000,000.

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 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 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 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 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 Association, 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 Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association 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 Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit 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 of the remaining unwithdrawn amount of the Credit 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; 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 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 paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

