

CREDIT NUMBER 2021 MOZ

Development Credit Agreement

(Third Rehabilitation Credit)

between

PEOPLE'S REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 12, 1989

CREDIT NUMBER 2021 MOZ

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 12, 1989, between PEOPLE'S REPUBLIC OF MOZAMBIQUE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter of development policy dated March 17, 1989 (LDP) from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's economy (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 obtain from the Government of the Swiss Confederation (Switzerland) a non-reimbursable contribution in an amount of twenty million Swiss Francs (SwF 20,000,000) (the Swiss Contribution) to assist in the financing of 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;

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

(D) The Borrower intends to obtain from the Government of Finland Development Agency (FINNIDA) a credit in an amount of forty million Finnish Marks (FMks 40,000,000) (the FINNIDA Credit) to assist in the financing of the Program on the terms and conditions set forth in a bilateral agreement (the FINNIDA Credit Agreement) to be entered into between the Borrower and FINNIDA;

(E) The Borrower intends to obtain from the United Kingdom (ODA) a grant in an amount of ten million Pounds Sterling (L Stg 10,000,000 (the ODA Grant) to assist in the financing of the Program on the terms and conditions set forth in a bilateral agreement (the ODA Grant Agreement) to be entered into between the Borrower and ODA;

(F) The Borrower intends to obtain from the Federal Republic of Germany through Kreditsantalt fur Wiederaufbau (KfW) a grant in an amount

of twenty million Deutsche Marks (MKs 20,000,000) to assist in the financing of the Program on the terms and conditions set forth in a bilateral agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW;

(G) The Borrower intends to request additional financing from other donors in support of the Program; and

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

(c) "Swiss Contribution Account" means the account established by Switzerland for the purposes of the Swiss Contribution;

(d) "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 Eight Replenishment dated April 9, 1987;

(e) "FINNIDA Credit Account" means the account established by FINNIDA for the purposes of the FINNIDA Credit;

(f) "SNAAD" means Sistema Nao-Administrativo de Alocacao de Divisas, the non-administrative allocation of foreign exchange system approved by the Borrower; and

(g) "Fiscal Year" or "FY" means the Borrower's fiscal year which runs from January 1 to December 31.

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 sixty-eight million two hundred thousand Special Drawing Rights (SDR 68,200,000).

Section 2.02. (a) The amount of the Credit and the amounts of the Swiss Contribution and the FINNIDA Credit may be withdrawn from the Credit Account, and the Swiss Contribution and FINNIDA Credit Accounts in accordance with the provisions of Schedule 1 to this Agreement.

(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 U.S. dollars a special account in a commercial 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 April 30, 1991 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; (ii) at the rate set as of the 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 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 March 15 and September 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 March 15 and September 15, commencing September 15, 1999 and ending March 15, 2029. Each installment to and including the installment payable on March 15, 2009 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.

Section 2.09. The Governor of Banco de Mocambique 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 Banco de Mocambique with responsibility for the preparation of withdrawal applications under the Credit and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than two hundred fifty thousand Special Drawing Rights (SDR 250,000) 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 and services to be financed out of the proceeds of the Credit, the Swiss Contribution and the FINNIDA Credit shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (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, the Swiss Contribution and the FINNIDA Credit.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including 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, 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, the Swiss Contribution or the FINNIDA Credit Accounts 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, the Swiss Contribution or the FINNIDA Credit Amounts 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

Effective Date; Termination

Section 5.01. The following is specified as an additional matter, 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, namely, that this Agreement has been duly ratified by the Borrower's Council of Ministers and is legally binding upon the Borrower in accordance with its terms.

Section 5.02. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. 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. The Governor of Banco de Mocambique of the Borrower 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:

Banco de Mocambique
Departamento de Relacoes Internacionais
Avenida 25 de Setembro 1695
P.O. Box 423
Maputo
People's Republic of Mozambique

Cable address:	Telex:
MOBANCO Maputo	6355/7 BMMO

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.	440098 (ITT) 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.

PEOPLE'S REPUBLIC OF MOZAMBIQUE

By /s/ Valeriano Ferrao
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Sven Sandstrom
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit
the Swiss Contribution and the
FINNIDA Credit

1. (a) Subject to the provisions set forth or referred to in this Schedule: (i) the proceeds of the Credit may be withdrawn from the Credit Account 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 such proceeds. 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:

Amount of the

Credit Allocated (Expressed in CategorySDR Equivalent)	% of Expenditures to be Financed	
(1) Goods including installation costs	66,660,000	100% of foreign expenditures
(2) Consultants' services	1,540,000	100% of foreign expenditures
TOTAL	68,200,000	

and (ii) the proceeds of the Swiss Contribution and FINNIDA Credit may be withdrawn from the Swiss Contribution and FINNIDA Credit Accounts for expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of goods required during the execution of the Program and to be respectively financed out of the Swiss Contribution and FINNIDA Credit.

(b) For the purposes of this Schedule, the term "foreign expenditures" means the 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.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made 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;

(c) expenditures for goods procured under contracts costing less than \$5,000 equivalent;

(d) 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;

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

(f) expenditures for foodstuffs (other than edible oils, infant formula and sugar) and gasoline.

3. 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, under Category 1 of paragraph 1 of this Schedule, to be financed out of the proceeds of the Credit, the Swiss Contribution and the FINNIDA Credit after the aggregate of the proceeds of the Credit, the Swiss Contribution and the FINNIDA Credit withdrawn against Category 1 from the Credit Account and the Swiss Contribution and FINNIDA Credit Accounts and the total amount of such commitments shall have reached the equivalent of: (i) SDR 33,330,000 from the Credit; (ii) SwF 10,000,000 from the Swiss Contribution; and (iii) FMKS 20,000,000 from the FINNIDA Credit; unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association: (a) with the progress achieved by the Borrower in the carrying out of the Program, and (b) that the actions described in Schedule 3 to this Agreement have been taken and are satisfactory to Association.

4. 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, the Swiss Contribution, and the FINNIDA Credit or any part thereof.

SCHEDULE 2

Procurement and Consultants' Services

Section I: Procurement of Goods

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 to be procured by the Borrower or by private

entities 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 and FINNIDA Credit Accounts 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, the Swiss Contribution and the FINNIDA Credit Accounts 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 Account, 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, the Swiss Contribution and FINNIDA Credit Accounts on the basis of statements of expenditure.

Section II: Employment of Consultants

In order to assist the Borrower in carrying out the Program, 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, 1987.

SCHEDULE 3

Actions Referred to in Paragraph 3 (b) of Schedule 1 to this Agreement

1. (a) The Borrower has enacted the legal and administrative instruments approving the SNAAD;

(b) the results of the first year of implementation of the SNAAD have been jointly reviewed by the Borrower and the Association; and

(c) agreement has been reached with the Association on the phasing of:

(i) the dismantling of the first year safeguards to be implemented during the second year of the SNAAD; and

(ii) the expansion of the product groups to be included in the SNAAD.

2. Satisfactory progress has been achieved on the review of the Borrower's Public Expenditure Program in accordance with the objectives and principles set forth in paragraphs 23 and 24 of the LDP, including:

(a) furnishing to the Association of the Borrower's threeyear investment program for core development projects starting FY 1990;

(b) furnishing to the Association of the Borrower's threeyear financial plan; and

(c) completion of a review of ongoing capital intensive projects, and an action plan to prioritize said projects has been approved and furnished to the Association.

3. (a) The minimum price system has been implemented for the following agricultural products: copra, cotton, cashew, groundnuts, mafurra and sunflower;

(b) the results of the implementation of said system have been reviewed; and

(c) fixed prices for agricultural products have been adjusted taking into account adjustments in the exchange rate and international border prices.

4. (a) The tariff system has been reviewed; and

(b) measures for the simplification of the tariff system to be implemented starting FY 1990 have been approved.

SCHEDULE 4

Special Account

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 for the Program and to be financed out of the proceeds of the Credit, the Swiss Contribution and the FINNIDA Account in accordance with the provisions of Schedule 1 to this Agreement; and

(b) the term "Authorized Allocation" means: (i) an amount equivalent to \$22,500,000 to be withdrawn from the Credit Account and deposited into the Special Account; (ii) an amount equivalent to be withdrawn from the Swiss Contribution Account and deposited into the Special Account; and (iii) an amount equivalent to \$2,200,000 to be withdrawn from the FINNIDA Contribution Account and deposited into the Special Account all 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 have 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, the Swiss Contribution Account and FINNIDA 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, the Swiss Contribution Account and the FINNIDA Credit Account and deposit into the Special Account amounts equal in the aggregate to the amount requested by the Borrower and 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, the Swiss Contribution Account and the FINNIDA Credit 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 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, the Swiss Contribution and FINNIDA Credit Accounts, respectively, 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, the Swiss Contribution and FINNIDA Credit less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account, the Swiss Contribution Account and the FINNIDA Credit Account of the remaining unwithdrawn amount of the Credit, the Swiss Contribution and FINNIDA Credit 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, in its capacity, and as Administrator of the Swiss Contribution and the FINNIDA Credit) 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, in its capacity, and as Administrator of the Swiss Contribution and the FINNIDA Credit such outstanding amount.

(c) The Borrower may, after consultation with the Association, refund to the Association, Switzerland or FINNIDA, all or any portion of the funds on deposit in the Special Account.

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

