

CONFORMED COPY

LOAN NUMBER 7059-TUN

Loan Agreement

(Cultural Heritage Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated October 16, 2001

LOAN NUMBER 7059-TUN

LOAN AGREEMENT

AGREEMENT, dated October 16, 2001, between REPUBLIC OF TUNISIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received from the Borrower a letter dated April 30, 2001, describing a program of actions, objectives and policies designed to strengthen the management of cultural heritage in the Borrower's country (the Program), and declaring the Borrower's commitment to the execution of the said Program;

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

(C) the Project will be carried out by Agence de Mise en Valeur du Patrimoine et de Promotion Culturelle, the Borrower's agency in charge of national heritage and cultural promotion (APPC), with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the loan provided for in Article II of this Agreement (the Loan) available to APPC, as set forth in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Bank and APPC (the Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank, dated September 1, 1999 (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Central Bank of Tunisia" means the Borrower's Central Bank (Banque Centrale de Tunisie) established and operating pursuant to the Borrower's Law No. 58-90 dated September 19, 1958, as the same may be amended from time to time;

(b) "Convention" means the agreement, acceptable to the Bank, dated May 22, 2001, among APPC, INP (as this term is hereinafter defined) and the Project Unit (as this term is hereinafter defined), setting forth, inter alia: (i) the respective roles and responsibilities of the parties to the convention; (ii) the institutional modalities for consultation and cooperation among the parties to the Convention, including the creation, composition of and functioning arrangements of the Monitoring Committee (as this term is hereinafter defined); and (iii) the respective obligations of the parties to the Convention to ensure the proper implementation of the recommendations set forth in the Environmental Assessment (as this term is hereinafter defined), as such Convention may be amended from time to time by agreement among the parties to the Convention;

(c) "Eligible Categories" means categories (1), (2) and (3) set forth in the table of Schedule 1 to this Agreement;

(d) "Eligible Expenditures" means the expenditures for goods, works and services referred to in Section 2.02 (a) of this Agreement;

(e) "Environmental Assessment" means the environmental assessment, acceptable to the Bank, prepared by the Borrower, dated September 23, 2000, including, inter alia: (i) the identification and assessment of the potential environmental impact of activities to be carried out under the Project; (ii) an evaluation of alternatives; and (iii) the definition of appropriate mitigation, management and monitoring measures with a view to ensuring compliance of the activities referred to in sub-paragraph (i) above with said measures;

(f) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year;

(g) "INP" means Institut National du Patrimoine, the Borrower's national agency in charge of national heritage, a public institution established by the Borrower pursuant to Decree No. 93-1609 dated July 26, 1993, as the same may be amended from time to time;

(h) "Joint Technical Commission" means the joint technical commission established pursuant to the decision No. 494/99 of APPC dated September 13, 1999 and the decision No. 2082 of INP dated October 16, 1999;

(i) "MOC" means the Borrower's Ministry of Culture or any successor thereto;

(j) "Monitoring Committee" means the monitoring committee established by the Borrower pursuant to the Convention and operating in accordance with the provisions of paragraph 2 (b), Section A of Schedule 2 to the Project Agreement;

(k) "Performance Indicators" means the performance indicators, agreed among APPC, the Borrower and the Bank, set forth in a letter of even date herewith, to be utilized by APPC, the Borrower and the Bank to measure the progress in the carrying out of the Project and the degree to which the objectives thereof are being achieved;

(l) "Procedure Manual" means the procedure manual to be prepared by the Borrower and submitted to the Bank in accordance with the provisions of Section 6.01 (a) of this Agreement, which sets out the principles and procedures governing the implementation of the Project, such manual to, inter alia: (i) define the respective roles and responsibilities of the agencies involved in the implementation of the Project; (ii) set forth the timetable of actions required under the Project; (iii) identify the procedures to be used for monitoring and evaluating progress towards the achievement of the objectives of the Project; and (iv) detail the financial management

procedures for the Project, including, inter alia, the auditing, accounting and financial reporting arrangements for the Project;

(m) "Project Agreement" means the agreement between the Bank and APPC 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;

(n) "Project Management Report" means each report prepared in accordance with Section 4.02 of the Project Agreement;

(o) "Project Unit" means the project unit to be maintained by APPC pursuant to the decision No. 228/2001 of APPC dated April 19, 2001;

(p) "Site Conservation and Improvement Plan" means the site conservation and improvement plan to be prepared by INP and submitted to the Bank in accordance with the provisions of Section 4.03 of this Agreement, such plan to set out, inter alia: (i) the analysis, recommendations and cost assessment of civil works; (ii) the timetable for the carrying out of civil works; (iii) the implementation arrangements; and (iv) maps and landscaping studies;

(q) "Special Account" means the account referred to in Schedule 4 to this Agreement;

(r) "Statutes" means, collectively, the Borrower's Law No. 88-11 dated February 25, 1988 pursuant to which APPC has been established and is operating as a non administrative public institution (établissement public à caractère non administratif) and Decree No. 88-1591 dated August 24, 1988, as amended by Decree No. 93-12 of January 4, 1993, setting forth the administrative and financial organization of APPC, as such Statutes may be amended and completed from time to time; and

(s) "Steering Committee" means the steering committee established by the Borrower pursuant to a decision dated April 30, 2001, and operating pursuant to paragraph 2 (a), Section A of Schedule 2 to the Project Agreement.

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

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to nineteen million two hundred thousand Euros (EUR 19,200,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan and in respect of the front-end fee referred to in Section 2.04 of this Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04 (c) of the General Conditions.

(b) The Borrower may, for the purposes of the Project, open and maintain in Euros a special account in the Central Bank of Tunisia on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2007 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one hundred ninety two thousand Euros (EUR 192,000). The Borrower agrees that on or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty five one-hundredths of one percent (0.85%) per annum from the date on which

such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one percent (0.75%) per annum thereafter.

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

Section 2.07. Interest and commitment charges shall be payable semi-annually in arrears on May 15 and November 15 in each year.

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

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

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

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

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

### 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 this Agreement, shall cause APPC to perform in accordance with the provisions of the Project Agreement all the obligations of APPC therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable APPC 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 available to APPC, through budgetary allocations, the proceeds of the Loan allocated from time to time to Categories (1), (2) and (3), set forth in the table in Paragraph 1 of Schedule 1 to this Agreement.

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

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and

reports, maintenance and land acquisition, respectively) in respect of the Project shall be carried out by APPC pursuant to Section 2.03 of the Project Agreement.

#### ARTICLE IV

##### Financial and Other Covenants

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

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

(b) The Borrower shall:

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

Section 4.02. In order to achieve the objectives of Part A.3 of the Project, the Borrower shall, not later than October 31, 2002, prepare and submit to the Bank a reorganization, recruitment and training program for INP and shall, after exchanging views with the Bank with respect to such plan, commence or cause to commence, not later than March 31, 2003, implementation thereof, taking into account the Bank's comments thereon.

Section 4.03. In order to achieve the objectives of Part C.6 of the Project, the Borrower shall cause INP to prepare and submit to the Bank, not later than December 31, 2003, a Site Conservation and Improvement Plan for Oudhna, in form and substance satisfactory to the Bank, such plan to be used as a model for the future development of other sites, including those referred to under Part C of the Project.

Section 4.04. In order to achieve the objectives of Parts A.1 and A.2 of the Project, the Borrower shall cause INP to, not later than December 31, 2002, employ consultants, in accordance with the provisions of Section II of Schedule 1 to the Project Agreement, to undertake the review of the legal framework governing cultural heritage.

#### ARTICLE V

##### Remedies of the Bank

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

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

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

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

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

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of APPC, as the case may be, or for the suspension of its operations.

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

(a) the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower; and

(b) any event specified in paragraph (d) or (e) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

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

(a) the Borrower has submitted the Procedure Manual to the Bank, in form and substance satisfactory to the Bank; and

(b) the Borrower has appointed a qualified site manager, on the basis of terms of reference satisfactory to the Bank, for each site to be developed under Parts C.3, C.4, C.5 and C.6 of the Project, respectively.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Project Agreement has been duly authorized by APPC and is legally binding upon APPC in accordance with its terms.

Section 6.03. 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.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of International Cooperation and Foreign Investment of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of International Cooperation  
and Foreign Investment  
98, Avenue Mohamed V  
1002 Tunis-Belvedere  
Republic of Tunisia

Telex:

18060

Facsimile:

216-71-799-069/845



(6)	Premia for Interest Rate	0	Amount due under Section 2.09 (c) of this Agreement Caps and Interest Rate Collars
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TOTAL	19,200,000
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2. For the purposes of this Schedule:

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

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of EUR 250,000, may be made in respect of Category 2 set forth in the table of paragraph 1 of this Schedule on account of payments made for expenditures before that date but after April 1, 2001.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for: (a) civil works under contracts not exceeding \$1,000,000 equivalent each; (b) goods under contracts not exceeding \$400,000 equivalent each; (c) services under contracts costing less than \$100,000 equivalent each for consulting firms; (d) services under contracts costing less than \$50,000 equivalent each for individual consultants; and (e) training under contracts not exceeding \$50,000 equivalent each, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in its efforts to ensure the sustainable management of the country's cultural heritage with a view to developing cultural tourism.

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

#### Part A: Strengthening of the Legal and Institutional Framework

Provision of technical assistance, training and goods to APPC with a view to strengthening the Borrower's legal and institutional framework governing cultural heritage by:

1. Reviewing the legal framework governing cultural heritage with a view to identifying issues to be covered under implementing regulations.

2. Designing new policies and regulations for museum collection management and conservation, and preparing a strategy to develop sites other than those referred to under Part C of the Project.

3. Designing and carrying out a reorganization, recruitment and training program for INP.

4. Designing and carrying out a reorganization, recruitment and training program for APPC.

5. Strengthening the institutional capacity of INP in the area of site museum and management.

#### Part B: Development and Promotion of Cultural Products

Provision of technical assistance and training with a view to developing a marketing and communication program to promote cultural products by:



1. Developing cultural products through, inter alia: (a) the design of a tariff policy; (b) the carrying out of market studies and information dissemination activities to promote cultural heritage; (c) the carrying out of training activities for craftsmen; and (d) the identification of measures required to regulate quality labels for cultural products.

2. Designing and carrying out a marketing and communication program including, inter alia: (a) the carrying out of information dissemination activities; (b) measures to facilitate access to historical sites and monuments; (c) the promotion of community participation, education and ownership with respect to cultural heritage; and (d) the development of databases relating to the cultural heritage of the country.

Part C: Site Development and Management

Carrying out a program, consisting of the provision of technical assistance and goods and the execution of civil works, with a view to developing and strengthening the management and conservation of:

1. The Carthage archeological site through: (a) the preparation of a mobility study; (b) the improvement of access roads and parking facilities; (c) the construction of visitor information facilities in Byrsa; (d) the rehabilitation of the museum of Byrsa; (e) the preparation of a landscape study for the preservation of water reservoirs in Maalga; and (f) the design of audio-visual programs on Carthage.

2. The Bardo museum through: (a) the preparation of a comprehensive development study of the museum and its surroundings; (b) the review of museum and collection space distribution; and (c) the enhancement of visitor information capacities.

3. The Kairouan medina through: (a) the construction of visitor information facilities; (b) the design of cultural circuits; (c) the rehabilitation of housing units; and (d) the setting up of a cultural orientation center.

4. The Sousse area through: (a) the upgrading of the Sousse archeological museum; (b) the rehabilitation of housing units in the medina; (c) the development of an information and communication program directed at visitors, tour operators and hotels; and (d) the design of cultural circuits.

5. Djerba through: (a) the rehabilitation of the Houmt Souk arts and traditions museum; (b) the design of cultural circuits; (c) the development of traditional handicrafts, including the establishment of marketing facilities; and (d) support to ecosystem preservation in the Project's intervention areas in Djerba.

6. Oudhna through: (a) the construction of visitor information facilities; (b) the carrying out of site improvement and promotion activities; and (c) the development of a model Site Conservation and Improvement Plan.

Part D: Support to Project Implementation

Support to the Project Unit, through the provision of technical assistance, training and goods, to strengthen the Project Unit's capabilities to implement the Project.

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The Project is expected to be completed by December 31, 2006.

SCHEDULE 3

Amortization Schedule

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

Installment Share

Payment Date	(Expressed as a %)	
November 15, 2001		0.00%
May 15, 2002	0.00%	
November 15, 2002		0.00%
May 15, 2003	0.00%	
November 15, 2003		0.00%
May 15, 2004	0.00%	
November 15, 2004		0.00%
May 15, 2005	0.00%	
November 15, 2005		0.00%
May 15, 2006	0.00%	
November 15, 2006		0.00%
May 15, 2007	0.00%	
November 15, 2007		0.00%
May 15, 2008	13.00%	
November 15, 2008		13.00%
May 15, 2009	0.00%	
November 15, 2009		0.00%
May 15, 2010	0.00%	
November 15, 2010		0.00%
May 15, 2011	11.50%	
November 15, 2011		0.00%
May 15, 2012	11.50%	
November 15, 2012		10.40%
May 15, 2013	10.40%	
November 15, 2013		7.80%
May 15, 2014	5.20%	
November 15, 2014		3.90%
May 15, 2015	2.60%	
November 15, 2015		2.60%
May 15, 2016	2.60%	
November 15, 2016		3.90%
May 15, 2017	0.00%	
November 15, 2017		0.00%
May 15, 2018	2.60%	

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

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

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

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

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

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion

Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

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

#### SCHEDULE 4

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (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 Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to EUR 2,200,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to EUR 1,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of EUR 4,000,000.

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 Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

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

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

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

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

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

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

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

