

CONFORMED COPY

INTERIM FUND CREDIT NUMBER N041-IN

Interim Fund Development Credit Agreement

(Orissa Health Systems Development Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION as Administrator of the interim trust fund established with funds contributed by certain members of International Development Association pursuant to Resolution No. IDA 184 of the Board of Governors of International Development Association, as amended

Dated August 13, 1998

INTERIM FUND CREDIT NUMBER N041-IN

INTERIM FUND DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 13, 1998, between INDIA, acting by its President (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) as administrator (the Administrator) of the interim trust fund (Interim Fund) established with funds contributed by certain members of the Association pursuant to Resolution No. IDA 184 (the Interim Fund Resolution) of the Board of Governors of the Association, adopted on June 26, 1996, as amended.

WHEREAS (A) by the Interim Fund Resolution the Interim Fund has been established, constituted of the funds contributed by certain members of the Association and administered by the Association acting as Administrator of the Interim Fund, in accordance with the provisions of the Interim Fund Resolution;

(B) the Administrator has received a letter dated April 20, 1998 from the State of Orissa, describing a program of objectives, policies and actions to improve the primary and secondary levels of health care (the Orissa Health Sector Development Program) and declaring its commitment to carry out such Program;

(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 Administrator to assist in the financing of the Project through the provision of resources from the Interim Fund, and the Administrator has determined that such assistance would be in accordance with the provisions of the Interim Fund Resolution;

(D) the Project will be carried out by the State of Orissa, with the Borrower's assistance, and as part of such assistance, the Borrower will make available to the State of Orissa the proceeds of the Interim Fund Credit as provided

in this Agreement; and

WHEREAS the Administrator has agreed, on the basis, inter alia, of the foregoing, to extend the Interim Fund 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 Administrator and the State of Orissa;

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 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The term "Association", wherever used in the General Conditions means the International Development Association acting as Administrator of the Interim Fund referred to in the Preamble to the Interim Fund Development Credit Agreement;

(b) The terms "Development Credit Agreement", "Credit" and "Credit Account", wherever used in the General Conditions, are amended to read "Interim Fund Development Credit Agreement", "Interim Fund Credit" and "Interim Fund Credit Account" respectively; and

(c) In Sections 6.02 and 7.01 of the General Conditions, the term "Association" shall also mean the International Development Association acting in its own capacity.

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) "District Health Committee" means the District Health Committee (Zilla Swasthya Samithi) established in each district, which will be responsible for, inter alia, monitoring and supervision activities to be carried out under the Project at the district level, including collection and distribution of user charges, maintenance of equipment, waste management, training of technical staff, quality assurance and surveillance of major communicable diseases;

(b) "DOHFW" means the Department of Health and Family Welfare of Orissa (as hereinafter defined);

(c) "Environmental Action Plan" means the action plan for the treatment and management of health care waste, including actions to be taken within hospital premises and actions to be taken regarding ultimate disposal outside hospital premises, set forth in the Project Implementation Plan (as hereinafter defined), as the same may be updated in consultation with the Administrator to include medium- and long-term plans;

(d) "Fiscal Year" or "FY" means the fiscal year of the Borrower and Orissa, which begins on April 1 of a calendar year and ends on March 31 of the following calendar year;

(e) "Orissa" means the Borrower's State of Orissa, or any successor thereto;

(f) "Policy and Strategic Planning Unit" means the existing Policy and Strategic Planning Unit of DOHFW responsible for developing and reviewing health sector policy issues for Orissa;

(g) "Primary and Secondary Levels of Health Care" means preventive and curative health care provided by subcenters, primary health centers, community health centers and area, subdivisional and district hospitals in Orissa;

(h) "Project Agreement" means the agreement between the Administrator and Orissa 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;

(i) "Project Implementation Plan" means the Project Implementation Plan for the carrying out of the Project, dated April 1, 1998 and approved by the Administrator;

(j) "Project Management Cell" means the Project Management Cell established within DOHFW, which will be responsible for, inter alia, performing routine Project management, monitoring progress, maintaining the flow of funds and project account, providing technical guidance and general administration, and preparing progress reports;

(k) "Project Review Committee" means the Project Review Committee established by Orissa, which will be responsible for, inter alia, making major policy decisions and developing the broad policy outline for the Project, approving the annual budget, authorizing major Project revisions as necessary, ratifying decisions of the Steering Committee (as hereinafter defined), and undertaking an annual review of Project implementation and monitoring overall Project progress;

(l) "Scheduled Tribes" means the population groups specified as "Scheduled Tribes" pursuant to Article 342 of the Constitution of India;

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

(n) "Steering Committee" means the Steering Committee established by Orissa and reporting to the Project Review Committee, which will be responsible for, inter alia, overseeing and monitoring Project implementation, undertaking Project planning, and facilitating Project management; and

(o) "Tribal Strategy" means the strategy for increasing the utilization of the Primary and Secondary Levels of Health Care by the Scheduled Tribes in Orissa, as set forth in the chapter on "Health Services for Indigenous People and Disadvantaged Groups" in the Project Implementation Plan.

ARTICLE II

The Interim Fund Credit

Section 2.01. The Administrator agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Interim Fund Development Credit Agreement, an amount in various currencies equivalent to fifty-six million eight hundred thousand Special Drawing Rights (SDR 56,800,000).

Section 2.02. (a) The amount of the Interim Fund Credit may be withdrawn from the Interim Fund Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Interim Fund Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in the Reserve Bank of India on terms and conditions satisfactory to the Administrator. 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 March 31, 2004 or such later date as the Administrator shall establish. The Administrator 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 Interim Fund 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 Interim Fund Credit Account or canceled; and (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 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 Interim Fund Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Interim Fund Credit in semi-annual installments payable on each May 15 and November 15 commencing November 15, 2008 and ending May 15, 2033. Each installment to and including the installment payable on May 15, 2018 shall be one and one-fourth percent ($1-1/4\%$) of such principal amount, and each installment thereafter shall be two and one-half percent ($2-1/2\%$) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Administrator may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by the Administrator of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Interim Fund Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Interim Fund Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Administrator notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Administrator may revise the modification referred to in paragraph (b) above 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 Administrator on the principal amount of the Interim Fund Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Administrator, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) 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 Administrator may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions. ARTICLE III Execution of the Project Section 3.01. (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 Orissa to perform in accordance with the provisions of the Project

Agreement all the obligations of Orissa 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 Orissa 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 Interim Fund Credit available to Orissa in accordance with the Borrower's standard arrangements for developmental assistance to the States of India.

Section 3.02. Except as the Administrator 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 Interim Fund Credit shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Borrower and the Administrator 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) in respect of the Project shall be carried out by Orissa pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall participate in the carrying out of the mid-term review of the Project referred to in paragraph 15 of Schedule 2 to the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Interim Fund 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 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 Administrator has received the audit report for the Fiscal Year in which the last withdrawal from the Interim Fund Credit Account was made; and

(iii) enable the Administrator'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 Administrator;

(ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such Fiscal Year, the report of such audit by said auditors, of such scope and in such detail as the Administrator 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 Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

ARTICLE V

Remedies of the Association and the Administrator

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) Orissa 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 this Agreement, an extraordinary situation shall have arisen which shall make it improbable that Orissa will be able to perform its obligations under the Project Agreement.

(c) An event shall have occurred which shall make it improbable that the Orissa Health Sector Development Program or a significant part of such Program will be carried out.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) 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 Administrator to the Borrower.

ARTICLE VI

Effective Date; Termination; Designation of Administrator

Section 6.01. 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 Administrator, namely, that the Project Agreement has been duly authorized or ratified by Orissa and is legally binding upon it in accordance with its terms.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. In the event that the Executive Directors of the Association decide to terminate the functions of the Association as administrator of the Interim Fund pursuant to Section 7 of the Interim Fund Resolution, all of the rights and obligations of the Administrator under this Agreement shall be assumed by the Association in accordance with the Interim Fund Resolution and such decision of said Executive Directors, as of a date to be notified by the Administrator to the Borrower.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance 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:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi, India

Cable address:

Telex:

ECOFAIRS
New Delhi

953-3166175

For the Association and the Administrator:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

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

INDIA

By /s/ V. Govindarajan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the interim trust fund established
with funds contributed by certain members of
International Development Association pursuant to
Resolution No. IDA 184 of the Board of Governors of
International Development Association, as amended

By /s/ Edwin R. Lim

Country Director, India

SCHEDULE 1

Withdrawal of the Proceeds of the Interim Fund Credit

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

Category	Amount of the Interim Fund Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	21,100,000	90%
(2) Equipment, furniture, instruments, medicines, vehicles, supplies and materials	15,100,000	100% of foreign expenditures; 100% of local expenditures (ex-factory cost);

		and 80% of local expenditures for other items procured locally
(3)	Consultants' services, professional services, training, fellowships, workshops and studies	4,900,000
		100%
(4)	Incremental operations and maintenance costs through	10,000,000
	incurred	80% of local expenditures incurred
	2003;	March 31, 2001; 55% of expenditures
	expenditures	from April 1, 2001 through March 31, and 25% of incurred thereafter
(5)	Unallocated	5,700,000
	TOTAL	56,800,000
		=====

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;

(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; and

(c) the term "incremental operations and maintenance costs" means the following additional costs incurred in carrying out the Project: (i) salaries of additional staff; and (ii) operation and maintenance of vehicles, equipment, buildings and offices.

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 SDR 800,000, may be made in respect of Categories (1), (2), (3) and (4) on account of payments made for expenditures before that date but after June 30, 1997.

4. The Administrator may require withdrawals from the Interim Fund Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts not exceeding \$300,000 equivalent each; (b) goods (except vehicles) under contracts not exceeding \$200,000 equivalent each; (c) vehicles under contracts not exceeding \$100,000 equivalent each; (d) services under contracts not exceeding \$100,000 equivalent in the case of firms and \$50,000 equivalent in the case of individuals; and (e) incremental operations and maintenance costs; all under such terms and conditions as the Administrator shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist Orissa in: (i) improving efficiency in the allocation and use of health resources through policy and institutional development; and (ii) improving the performance of the health care system through improvements in the quality, effectiveness and coverage of health services at the

secondary level and selective coverage at the community level, so as to improve the health status of the people, especially the poor, by reducing mortality, morbidity and disability.

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

Part A: Management Development and Institutional Strengthening

1. Improving the institutional framework for policy development through the strengthening of the Policy and Strategic Planning Unit to develop and review state level health sector policy issues, including public and private health care, burden of disease and cost-effectiveness of public health interventions, medical manpower, cost recovery mechanisms and sectoral resource allocation patterns.

2. Strengthening management and implementation capacity through: (i) establishing the Project Review Committee, the Steering Committee and the Project Management Cell; (ii) involving the District Health Committees in the implementation of the Project at the district level; (iii) providing additional staff at Headquarters of DOHFW; (iv) enhancing the computerized system of data collection and utilization through the provision of hardware and software, and consultancy support; (v) training management staff in appropriate record keeping; (vi) introducing a revised medical reporting system for in-patients and diagnostic services; (vii) housing all DOHFW staff at the Secretariat and Directorates in a consolidated facility; (viii) establishing an information resource center in Bhubaneswar under DOHFW for health professionals; and (ix) developing a computerized financial management system for use and operation by the Project Management Cell.

3. Developing surveillance capacity for major communicable diseases by: (i) strengthening the existing surveillance system to cover the identification of cases through education of health workers and community involvement, indexing of cases or isolation of cases and treatment; and (ii) establishing district task forces to be responsible for selected disease surveillance activities at the district level.

Part B: Improving Service Quality and Effectiveness at District, Subdivisional and Area Hospitals

1. Renovation and extension of district, subdivisional and area hospitals and construction of staff quarters.

2. Improving the effectiveness of clinical, management and support services at district, subdivisional and area hospitals through: (i) improving the system for the procurement and distribution of drugs; (ii) applying streamlined norms and standards for clinical and support services; (iii) adopting staffing and equipment norms conforming to services provided at each type of facility; (iv) establishing a system for monitoring improvements in the quality of clinical care through the adoption of a quality assurance program; (v) expanding the capacity of support services; (vi) enhancing staff skills in clinical and technical areas through the provision of training to improve the quality and range of services; (vii) strengthening management training for professional staff and ongoing in-service training for clinical and technical staff to facilitate the implementation of the quality improvement strategy of the Project; and (viii) improving the management of health care waste.

3. Strengthening the management system for information collected under different health programs to improve program performance and monitoring, information flows and feedback mechanisms through: (i) developing standard formats for hospital record keeping, improving storage facilities for medical records, and providing training for medical records personnel; (ii) providing training to district level staff in data analysis and computer use and appropriate equipment and supplies; and (iii) providing similar training to state level staff.

Part C: Improving Access to Basic Health Services

1. Strengthening community health centers through renovation and extension, additional manpower, and the provision of equipment, drugs and other supplies.

2. Promoting basic health services for the Scheduled Tribes in Orissa through: (i) improving the quality of services; (ii) providing effective information, education and communication regarding benefits of using government health services; (iii) strengthening linkages between primary and secondary health care services; (iv) providing an incentive package to doctors in tribal areas to encourage them to accept assignments in these areas; (v) increasing access to health care services through the provision of mobile health clinics and annual health camps; and (vi) reducing the cost of utilizing these services.

3. Improving the referral system and strengthening linkages between different tiers of the health care system through: (i) strengthening the management of the referral system; (ii) implementing referral protocols; (iii) implementing clinical management protocols; and (iv) establishing an incentive system with differentiated user fees for users and non-users of the referral system.

* * *

The Project is expected to be completed by September 30, 2003.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Interim Fund 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 equivalent to \$3,600,000 to be withdrawn from the Interim Fund Credit Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Administrator 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 Administrator 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 Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund 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 Administrator requests for deposits into the Special Account at such intervals as the Administrator shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Administrator the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or replenishment is requested. On the basis of each such request, the Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund 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 Administrator from the Interim Fund 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 Administrator shall reasonably request, furnish to the Administrator 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 Administrator shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Borrower directly from the Interim Fund 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 Administrator, 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 Administrator pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

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

(d) once the total unwithdrawn amount of the Interim Fund Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Administrator 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 Interim Fund Credit Account of the remaining unwithdrawn amount of the Interim Fund Credit allocated to the eligible Categories shall follow such procedures as the Administrator shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Administrator 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 Administrator 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 Administrator, the Borrower shall, promptly upon notice from the Administrator: (A) provide such additional evidence as the Administrator may request; or (B) deposit into the Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator 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 Administrator 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 Administrator, refund to the Administrator such outstanding amount.

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

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

