

CONFORMED COPY

LOAN NUMBER 3448 IND

(Primary Education Quality Improvement Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated May 18, 1992

LOAN NUMBER 3448 IND

LOAN AGREEMENT

AGREEMENT, dated May 18, 1992, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

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" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of 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 and herein set forth and the following additional terms have the following meanings:

(a) "CPMU" means the Central Project Management Unit established pursuant to Section 5.01 (a) to this Agreement;

(b) "MOEC" means the Ministry of Education and Culture of the Borrower or any successor thereto responsible for education;

(c) "PPMUs" means the Provincial Project Management Units established pursuant to Section 5.01 (c) to this Agreement;

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

(e) "Special Assistance Funds" means the Special Assistance Funds established pursuant to paragraph 5 (c) of Schedule 5 to this Agreement;

(f) "SPP/CBSA Program" means the Teacher Professional Support and Student Active Learning Program of MOEC;

(g) "SPP/CBSA Provinces" means the following provinces of the Borrower: Aceh, Bali, North Sulawesi, Nusa Tenggara Timur, West Sumatra and Jogjakarta and any other province or provinces in addition thereto or in substitution therefor as may be agreed to by the Bank;

(h) "SPP Program" means the Teacher Professional Support System Program of MOEC; and

(i) "Under-served Schools" means the Under-served Schools identified and selected in accordance with paragraph 7 (a) of Schedule 5 to this Agreement.

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 the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of thirty seven million dollars (\$37,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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 and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in Bank Indonesia 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 6 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 1998 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 commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of

the Loan in accordance with the amortization schedule set forth in Schedule 3 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, shall carry out the Project, through MOEC with the assistance of CPMU and PPMUs, with due diligence and efficiency and in conformity with appropriate educational, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods 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 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine 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; 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.

(c) 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 paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, 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 or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing

such expenditures;

- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit 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 V

Effective Date; Termination

Section 5.01. 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) a Central Project Management Unit, for the purpose of assisting MOEC to carry out the Project, with an organizational and management structure, satisfactory to the Bank, has been established;

(b) a Project Director has been appointed as head of CPMU with qualifications, experience, functions and powers, satisfactory to the Bank;

(c) a Provincial Project Management Unit, for the purpose of assisting MOEC to carry out the Project in each of the SPP/CBSA Provinces, with an organizational and management structure, satisfactory to the Bank, has been established; and

(d) a Project Manager has been appointed as head of each PPMU with qualifications, experience, functions and powers, satisfactory to the Bank.

Section 5.02. 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.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance 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:

Minister of Finance
c/o Directorate General of Budget
Jalan Lapangan Banteng Timur 2-4
P.O. Box 139
Jakarta, Indonesia

Cable address:

Telex:

FINMINISTRY
Jakarta

45799 DJMLN-IA
44319 DEPKEU-IA

For the Bank:

International Bank for

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

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

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

REPUBLIC OF INDONESIA

By /s/ Abdul Rachman Ramly
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Gautam Kaji
Regional Vice President
East Asia and Pacific

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Equipment, vehicles, materials, and printing and delivery services	7,800,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local ex- penditures for other items procured locally
(2) Consultants' services	3,400,000	100%
(3) Studies	4,700,000	100%
(4) Training	14,300,000	100% of foreign expenditures and 50% of local expenditures
(5) Operating Costs under Parts A, B (ii), C and D of the Project	1,300,000	30%

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(6) Special Assistance Funds under Part B (i) of the Project	3,700,000	50%
(7) Unallocated	1,800,000	
	<hr/>	
TOTAL	37,000,000 =====	

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 "Operating Costs" means the costs of operational support of project related activities, namely, attendance at and participation in meetings and seminars (including payment of honoraria), printing and distribution of documents, and operation and maintenance of equipment and vehicles provided for the Project under this Agreement.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures (a) prior to the date of this Agreement, and (b) under Category (6) until the Bank has been provided with evidence, satisfactory to the Bank, that (i) the principals of the Under-served Schools have been trained, and (ii) the Special Assistance Funds have been established and policies and guidelines to operate and maintain the same have been adopted and put into effect pursuant to paragraph 5 (b) and (c) of Schedule 5 to this Agreement.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower to improve primary education quality aimed at raising students' educational achievement and completion rates.

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: Teaching-Learning Processes

- (i) Carrying out of a SPP Program, including provision of technical assistance, training, equipment, vehicles, materials, and operational support for the expansion and development of the SPP/CBSA Program.
- (ii) Undertaking a feasibility study for enhancing promotion opportunities for primary teachers, including technical assistance, training and operational support.
- (iii) Enhancement of policies and mechanisms for the adequate supply of books, educational materials, the development and supply of those educational materials, and professional support to teachers, including technical

assistance, training, equipment, materials, printing and delivery services, and operational support.

Part B: Equitable Resource Base for Under-served Schools

- (i) Provision of Special Assistance Funds to the Under-served Schools for quality improvement.
- (ii) Provision of technical assistance, training, equipment and operational support for the development and implementation of mechanisms to select the schools and to channel the Special Assistance Funds to such schools, procedures for supervising and monitoring the Special Assistance Funds, and training of school principals in resource management.

Part C: Management of Quality Improvement Programs

Provision of technical assistance, training, equipment, vehicles, materials and operational support for:

- (i) Strengthening the administrative support to primary schools at the central and regional levels.
- (ii) Improving financial planning and budgetary processing of the Borrower's educational agencies including its Ministry of Education and Culture, the Regional Administration Education Services Office (DINAS P&K), and the Regional Development Planning Board (BAPPEDA).
- (iii) Enhancing of MOEC's institutional capabilities to develop and implement monitoring and evaluation and policy studies on primary education; develop national quality standards for primary schools; and provide information, education and communication (IEC) in respect of the Project's quality improvement objectives to educational personnel, parents of school children, and communities.

Part D: Project Management

Management, monitoring and evaluation of the implementation of the Project, including provision of technical assistance, staff training, equipment, vehicles and operational support.

* * *

The Project is expected to be completed by September 30, 1997.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
October 1, 1997	675,000
April 1, 1998	700,000
October 1, 1998	730,000
April 1, 1999	755,000
October 1, 1999	785,000
April 1, 2000	815,000
October 1, 2000	845,000
April 1, 2001	880,000
October 1, 2001	915,000
April 1, 2002	950,000
October 1, 2002	985,000
April 1, 2003	1,025,000
October 1, 2003	1,065,000
April 1, 2004	1,105,000

October 1, 2004	1,145,000
April 1, 2005	1,190,000
October 1, 2005	1,240,000
April 1, 2006	1,285,000
October 1, 2006	1,335,000
April 1, 2007	1,385,000
October 1, 2007	1,440,000
April 1, 2008	1,495,000
October 1, 2008	1,555,000
April 1, 2009	1,615,000
October 1, 2009	1,675,000
April 1, 2010	1,740,000
October 1, 2010	1,810,000
April 1, 2011	1,880,000
October 1, 2011	1,950,000
April 1, 2012	2,030,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded 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).

2. To the extent practicable, contracts for equipment shall be grouped into bid packages estimated to cost the equivalent of

\$200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1. hereof, goods manufactured in Indonesia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Except as provided in paragraph 3 hereof, equipment, materials (other than materials referred to in paragraph 4 hereof), and printing and delivery services, estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount equivalent to \$4,000,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Vehicles shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Bank, such procedures to include the following: (i) advising bidders through the General Procurement Notice, in the specific advertisements published inviting bids for each package, and in the bidding documents, that import licenses shall be made available for foreign vehicles in a timely manner to comply with the delivery requirements set forth in the bidding documents; and (ii) issuing of import licenses for foreign vehicles to the successful bidder in a timely manner to comply with the delivery requirements set forth in the bidding documents.

3. Equipment, materials (other than materials referred to in paragraph 4 hereof), and printing and delivery services, estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$1,000,000, shall be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

4. Contracts for books, computer software and educational materials, shall be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods (other than vehicles) estimated to cost the equivalent of \$200,000 or more, and for each contract for vehicles, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized

withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Implementation Program

1. The Borrower shall carry out the Project in accordance with an Action Plan for Primary Education Policy and Program Development, satisfactory to the Bank.

2. The Borrower shall, by October 1, 1992 appoint SPP/CBSA tutors in SPP/CBSA Provinces in accordance with conditions of service satisfactory to the Bank.

3. The Borrower shall, by October 1 of each year commencing in 1992, prepare and furnish to the Bank, for its review and comments, an annual Project implementation plan in accordance with a Project Monitoring Plan, satisfactory to the Bank, and a proposed budget, and, thereafter, carry out the Project in accordance with such plan and budget, taking into account the comments of the Bank.

4. (a) The Borrower shall carry out in consultation with the Bank: (i) by October 1 of each year commencing in 1993, an annual progress review, and (ii) by March 31, 1995, a mid-term progress review, of the implementation of the Project.

(b) The Borrower shall prepare and submit to the Bank Project reviews and progress reports taking into account performance targets established by the Borrower for each part of the Project, such performance targets to be updated annually in consultation with the Bank.

5. (a) The Borrower shall, by June 30, 1993, undertake and complete, in consultation with the Bank, a study on the establishment of Special Assistance Funds for the purpose of supplying funds to principals of Under-served Schools for quality improvement of Under-served Schools in accordance with the Terms of Reference satisfactory to the Bank.

(b) The Borrower shall train principals of Under-served Schools in accordance with a training plan satisfactory to the Bank.

(c) The Borrower shall (i) establish Special Assistance Funds in accordance with the recommendations of the study referred to in sub-paragraph (a) hereof, and (ii) adopt and put into effect policies and guidelines, satisfactory to the Bank, to maintain and operate the Special Assistance Funds.

6. The Borrower shall maintain the CPMU and PPMUs with funds and staff in accordance with a plan satisfactory to the Bank.

7. (a) The Borrower shall, by June 30, 1993, identify and select Under-served Schools, from amongst its primary schools, in accordance with criteria, procedures and data base(s) satisfactory to the Bank.

(b) The Borrower shall, by April 1 of each year, commencing in 1993, furnish to the Bank an annual training plan for principals of Under-served Schools satisfactory to the Bank.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3), (4) and (5) 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 \$1,500,000 to be withdrawn from the Loan Account and deposited in 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 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 a deposit or deposits 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 in 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; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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 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.

