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**LOAN NUMBER 7010-LE  
(Amendment)**

# **Agreement Amending Loan Agreement**

**(Education Development Project)**

**between**

**LEBANESE REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated June 9, 2004**

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**LOAN NUMBER 7010 -LE  
(Amendment)**

**AGREEMENT AMENDING LOAN AGREEMENT**

AGREEMENT, dated June 9, 2004, between LEBANESE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower and the Bank have entered into a Loan Agreement (General Education Project) dated April 7, 2000 (the Loan Agreement) for the purpose of assisting in the financing of the Project described in Schedule 2 to the Loan Agreement (the Project);

(B) the Borrower and the Bank have agreed to a restructuring of the Project with the purpose of: (a) revising the Project's development objectives; and (b) reallocating some of the available proceeds of the Loan with a view to: (i) completing an integrated policy and strategy framework for general and vocational education; (ii) building an Education Management Information System (EMIS) to serve both educational streams; (iii) completing a study relating to education financing for both education streams; (iv) supporting a process of institutional reorganization and strengthening; (v) enhancing leadership development and upgrading of the skills of professional staff; (vi) establishing an Information and Communication Technology infrastructure; and (vii) providing laboratory and workshop equipment; and

(C) the Borrower and the Bank have also considered it appropriate to rename the Project as the Education Development Project in order to reflect the integration of the general and vocational education streams in the Borrower's territory.

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**Amendments to the Loan Agreement**

Section 1.01. The Loan Agreement is amended by deleting Section 1.02 and replacing it with the following new Section 1.02:

“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 new meanings:

(a) “Amending Agreement” means this Agreement Amending Loan Agreement;

(b) “CDR” means the Borrower’s Council for Development and Reconstruction, a public authority established and operating pursuant to the Borrower’s Legislative Decree No. 5, dated January 31, 1977, as the same may be amended from time to time;

(c) “DGE” means the Borrower’s Directorate General for Education within MEHE;

(d) “DGVTE” means the Borrower’s Directorate General for Vocational and Technical Education within MEHE;

(e) “ECRD” means the Borrower’s Educational Center for Research and Development, a public authority established and operating pursuant to the Borrower’s Decree No. 2356 dated December 10, 1971, as the same may be amended from time to time;

(f) “EMIS” means the Education Management Information System to be developed under Part A.2 (a) of the Project;

(g) “Executive Committee” means the committee established and chaired by the Borrower’s Minister of Education and Higher Education, in charge of monitoring the global progress of the Project;

(h) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “ICT” means Information and Communication Technology;

(j) “IMU” means the Information Management Unit to be: (i) established within MEHE, and (ii) reporting directly to the Office of the Minister of Education and Higher Education in order to manage the operation and use of EMIS and related policy support services;

(k) “MEHE” means the Borrower’s Ministry of Education and Higher Education;

(l) “National Education Strategy” means the Borrower’s National Education Strategy referred to in Part A.1 of the Project;

(m) “PMU” means the Project Management Unit established and operating under MEHE in charge of the management and coordination of Project activities;

(n) “Special Accounts” means the accounts referred to in Section 2.02 (b) of this Agreement; and

(o) “VTE” means Vocational and Technical Education.

Section 1.02 The Loan Agreement is amended by deleting Section 2.02 and replacing it with the following new Section 2.02:

“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 works, goods and services required for the Project and to be financed out of the proceeds of the Loan and in respect of interest and other charges in respect of the Loan, 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 shall for the purposes of the Project open and maintain in United States Dollars in its Central Bank on terms and conditions satisfactory to the Bank two special deposit accounts. The first such special deposit account (the CDR Special Account) shall be opened in respect of Categories (1), (2) (a) and (3) (a) in the name of CDR and the second (the MEHE Special Account ) shall be opened in respect of Categories (2) (c), (3) (c) and 5 (b) in the name of MEHE. Deposits into, and payments out of, each Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.”

Section 1.03. Section 2.03 of the Loan Agreement is amended by replacing the existing Closing Date of December 31, 2005, with the new Closing Date of December 31, 2007.

Section 1.04. The Loan Agreement is amended by deleting Section 2.10 and replacing it with the following new Section 2.10:

“Section 2.10. For the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions: (a) CDR is designated as representative of the Borrower in respect of the proceeds of the Loan allocated from time to time to Categories (1), (2) (a) and (3) (a); and (b) MEHE is designated as representative of the Borrower in respect of the proceeds of the Loan allocated from time to time to Categories (2) (c), (3) (c) and 5 (b).”

Section 1.05. The Loan Agreement is amended by deleting Sections 4.01 and 4.02 and replacing them with the following new Sections 4.01 and 4.02:

“Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Bank, consistently applied, adequate to reflect its

operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, 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 (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year as so audited, and (B) an opinion on such statements and 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 such records, accounts and financial statements, and the audit thereof, and concerning said auditors, as the Bank may 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 separate 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 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.

Section 4.02. (a) Without limitation upon the Borrower's reporting obligations set out in paragraphs 1 (b) and 1(c) of Schedule 5 to this Agreement, the Borrower shall prepare and furnish to the Bank quarterly Financial Monitoring Reports, in form and substance satisfactory to the Bank, each of which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 60 days after the end of the first calendar quarter after the Effective Date of this Amending Agreement, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 60 days after each subsequent calendar quarter, and shall cover such calendar quarter. “

Section 1.06. The Loan Agreement is amended by deleting Schedule 1 (Withdrawal of the Proceeds of the Loan) and replacing it with a new Schedule 1 set forth in Annex 1 to this Amending Agreement.

Section 1.07. The Loan Agreement is amended by deleting Schedule 2 (Description of the Project) and replacing it with a new Schedule 2 set forth in Annex 2 to this Amending Agreement.

Section 1.08. The Loan Agreement is amended by deleting Schedule 4 (Procurement) and replacing it with a new Schedule 4 set forth in Annex 3 to this Amending Agreement.

Section 1.09. Schedule 5 (Implementation Program) to the Loan Agreement is amended as follows:

- (a) paragraph 1(b) is deleted in its entirety and the subsequent paragraphs (c) and (d) are renumbered, respectively, (b) and (c);

(b) the date set forth in paragraph 3 is amended to read October 31, 2004;  
and

(c) paragraphs 4 and 5 are deleted and replaced by the following new paragraphs:

“4. MEHE shall maintain arrangements satisfactory to the Bank with CDR pursuant to which CDR shall be responsible, on behalf of the Borrower, for all matters related to the procurement process and withdrawal of proceeds of the Loan with regard to all goods and civil works under Parts A and C of the Project and consultant services under Part C of the Project.

5. MEHE shall maintain arrangements satisfactory to the Bank pursuant to which it shall be responsible, on behalf of the Borrower, for all matters related to the procurement process and withdrawal of proceeds of the Loan with regard to consultant services and training under Parts A, B and D of the Project, and goods under Part D of the Project.”

Section 1.10. The Loan Agreement is amended by adding a new Schedule 6 (Special Accounts) set forth in Annex 4 to this Amending Agreement.

## **ARTICLE II**

### **Effective Date**

Section 2.01. (a) This Amending Agreement shall be deemed to have come into full force and effect as of the date of its signature by the parties hereto.

(b) All sections of the Loan Agreement that have not been amended hereby shall remain in full force and effect.



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

LEBANESE REPUBLIC

By /s/ Fuad Siniora

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Hasan A. Tuluy

Acting Regional Vice President  
Middle East and North Africa

**ANNEX 1**

**“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:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in United States Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works: (CDR)	15,000,000	80%
(2) Goods:		
(a) CDR	18,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(b) ECRD	*50,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in United States Dollars)</u>	<u>% of Expenditures to be Financed</u>
(c) MEHE	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 and training:		
(a) CDR	850,000	100%
(b) ECRD	*1,270,000	100%
(c) MEHE	19,000,000	100%
(4) Workshops and Seminars (ECRD)	*100,000	100%
(5) Incremental Operating Costs for:		
(a) ECRD	*35,000	80%
(b) MEHE	150,000	80%
(6) Fee      565,700		Amount due under Section 2.04 of this Agreement
(7) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.09 (d) of this Agreement
(8) Unallocated	2,015,000	
TOTAL	<u>56,570,000</u>	

\* Amounts in Categories (2) (b), (3) (b), (4) and (5) (a) are fully disbursed.

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 Operating Costs” means expenditures under Part D of the Project incurred by PMU in relation to rent, maintenance of vehicles and equipment, fuel, utility charges, office supplies, international communications, local transport costs and insurance costs.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) expenditures under Category (1), unless the environmental assessment for each of the school sites has been prepared by the Borrower and found acceptable by the Bank.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts costing less than \$1,000,000 equivalent each; (b) goods under contracts costing less than \$200,000 equivalent each; (c) services of consulting firms under contracts costing less than \$200,000 equivalent each; (d) services of individual consultants under contracts costing less than \$50,000 equivalent each; (e) training activities costing less than \$50,000 equivalent each; and (f) Incremental Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

**ANNEX 2**

**“SCHEDULE 2**

**Description of the Project**

The objective of the Project is to assist the Borrower in building the knowledge base, analytical tools and the institutional capacity required to initiate reform of the general and vocational education systems in the Borrower's territory while also enhancing access through a modest program of school construction in priority areas of need.

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: Policy Planning and Information Management**

1. Preparation of a National Education Strategy which: (i) sets forth objectives, activities and an implementation plan of an initial three-year period; and (ii) addresses the reform of both the general and vocational education streams in an integrated manner.
2. (a) Development of EMIS within MEHE and the establishment of the Information Management Unit within MEHE.  
  
(b) The provision of computer equipment for this Part A.2 (a) of the Project.
3. Completion of a study of the financing of the general and vocational education streams to: (i) identify and document all monetary and non monetary flows; and (ii) enable effective and sustainable resource allocation strategies to be formulated.
4. Completion of a study to assess the organizational structure and capacity of those agencies responsible for the administration of general and vocational education to determine the readiness and ability of the said agencies to implement a reform program arising from the preparation of an integrated sector strategy.
5. The provision of consultant services and training for this Part A.1 through A.4 of the Project.

**Part B: Strengthening of School Leadership, Pedagogical Capacity, and Assessment of Academic Achievement.**

1. The carrying out of a program of leadership development for school principals and directors of training centers which is designed to: (i) improve their leadership,

motivational and management skills; and (ii) enhance their understanding of international trends in competency based and contextualized learning.

2. Completion of a program of teacher/instructor training to develop the pedagogical, ICT or occupational skills required for the effective implementation of an education reform program.

3. Completion of a study to review the processes for assessment of academic achievement for the general education stream and the establishment of databanks for the storage of electronic images, learning products and examination questions for general and vocational education.

4. The provision of consultant services and training for this Part B of the Project.

Part C: Upgrading Education Facilities

1. The carrying out of a program to upgrade public education facilities, including the construction, furnishing and equipping of eleven (11) new public schools in areas of priority need.

2. The acquisition of essential equipment for VTE laboratories and workshops.

3. Establishment of core ICT infrastructure to enable effective operation of EMIS.

Part D: Project Management

(a) The establishment and operation of PMU to manage the carrying out of Project activities associated with general education and vocational education streams.

(b) The acquisition of equipment, and the provision of consultant services, training and other necessary items of support for this Part D of the Project.

\* \* \*

The Project is expected to be completed by June 30, 2007.”

**“SCHEDULE 4**

**Procurement**

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits”, published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than US\$3,000,000 equivalent per contract, up to an aggregate amount not to exceed US\$22,000,000 equivalent, and goods estimated to cost less than US\$500,000 equivalent per contract, up to an aggregate amount not to exceed US\$3,200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost less than US\$150,000 equivalent per contract, up to an aggregate amount not to exceed US\$3,000,000 equivalent, may be procured under contracts awarded on the basis of national or international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Software and office supplies, up to an aggregate amount not to exceed US\$500,000 equivalent, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works estimated to cost the equivalent of US\$1,000,000 or more, and with respect to each contract for goods estimated to cost the equivalent of US\$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers", published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and



the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than US\$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for architectural and engineering services under Part C of the Project and for audit estimated to cost less than US\$200,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services estimated to cost less than US\$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Single Source Selection

Services which are estimated to cost less than US\$100,000 equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in

accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to: (i) each contract for the employment of consulting firms estimated to cost the equivalent of US\$200,000 or more; (ii) each contract for the employment of consulting firms to be selected on a sole source basis the procedures set forth in paragraphs 2,3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to: (i) each contract for the employment of individual consultants estimated to cost the equivalent of US\$50,000 or more; (ii) each contract for the employment of individual consultant to be selected on a sole source basis, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(c) All terms of reference for the employment of consulting firms and individual consultants, regardless of value, shall be subject to the Bank prior review.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.”

**ANNEX 4**

**“SCHEDULE 6**

**Special Accounts**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2) (a), (2) (c), (3) (a), (3) (c) and (5) (b) 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, works and services referred to in Section 2.02 (a) of this Agreement 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: (i) in respect of the CDR Special Account, an amount equivalent to US\$2,000,000 to be withdrawn from the Loan Account and deposited into the CDR Special Account pursuant to paragraph 3 (a) of this Schedule; and (ii) in respect of the MEHE Special Account, an amount equivalent to US\$1,000,000 to be withdrawn from the Loan Account and deposited into the MEHE Special Account pursuant to paragraph 2 of this Schedule; provided, however, that, unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to US\$500,000 until the aggregate amount of withdrawals from the Loan Account of amounts allocated to the MEHE Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall be equal to or exceed the equivalent of US\$1,000,000.

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

3. After the Bank has received evidence that the respective Special Account has been duly opened, withdrawals of a Special Account’s Authorized Allocation and subsequent withdrawals to replenish the said Special Account shall be made as follows:

(a) For withdrawals of the said Special Account’s Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the said Special Account of an amount or amounts, which in the aggregate do not exceed the said Authorized Allocation. On the basis of each such request or requests, the Bank shall, on

behalf of the Borrower, withdraw from the Loan Account and deposit into the said Special Account such amount or amounts as the Borrower shall have requested.

(b) For replenishment of the said Special Account, the Borrower shall furnish to the Bank requests for deposits into the said Special Account at such intervals as the Bank shall specify. 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 said 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 said Special Account for eligible expenditures. Each such deposit into the said Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the said Special Account's 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 respective 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 provision of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into any 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 Accounts;

(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 respective 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 any 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 respective 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 any 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 any 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 Accounts.

(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.”