

CONFORMED COPY

LOAN NUMBER 3093 IN

(Electronics Industry Development Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 7, 1989

LOAN NUMBER 3093 IN

LOAN AGREEMENT

AGREEMENT, dated July 7, 1989, between INDIA, acting by its President (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) 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;

(B) by an agreement of even date herewith (hereinafter called the ICICI Loan Agreement), the Bank has agreed to make a loan to the Industrial Credit and Investment Corporation of India Limited (ICICI) in an aggregate principal amount of \$101,000,000 to assist ICICI in the financing of Part A of the Project on the terms and conditions therein set forth;

(C) by an agreement of even date herewith (hereinafter called the IDBI Loan Agreement), the Bank has agreed to make a loan to the Industrial Development Bank of India (IDBI) in an aggregate principal amount of \$101,000,000 to assist IDBI in the

financing of Part B of the Project on the terms and conditions therein set forth;

(D) the Borrower is expected to receive from the Government of the Swiss Confederation (Switzerland) a non-reimbursable contribution in an amount equivalent to twenty-four million Swiss Francs (SF24 million) (Swiss Contribution) to assist in financing of Part C of the Project on terms and conditions set forth in an agreement (the Swiss Contribution Agreement) to be entered into between the Borrower and Switzerland;

(E) Switzerland intends to appoint the Bank to administer the Swiss Contribution in accordance with the provisions of the Swiss Contribution Agreement and procedural arrangements to be agreed between Switzerland and the Bank; and

(F) the Borrower is expected to receive from the Government of Japan a grant (the Japanese Grant) in an amount of three hundred sixty-four million five hundred thousand Japanese Yen (¥364,500,000) to assist in the financing of Part D of the Project on the terms and conditions set forth in agreements (the Japanese Grant Agreements) to be entered into between the Borrower and the Bank acting as administrator of the Japanese Grant;

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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

(a) "ICICI" means Industrial Credit and Investment Corporation of India Limited, a company established and operating under the laws of India;

(b) "ICICI Loan Agreement" means the agreement of even date herewith, entered into between the Bank and ICICI for the purposes of carrying out Part A of the Project, as the same may be amended from time to time, and such term includes all the schedules and agreements supplemental to the ICICI Loan Agreement;

(c) "IDBI" means the Industrial Development Bank of India, a body corporate established under the IDBI Act;

(d) "IDBI Loan Agreement" means the agreement of even date herewith, entered into between the Bank and IDBI for the purposes of carrying out Part B of the Project, as the same may be amended from time to time, and such term includes all the schedules and agreements supplemental to the IDBI Loan Agreement;

(e) "DOE" means the Department of Electronics of the Borrower;

(f) "CEDT" means a Center for Electronics Design and Technology which participates in the Project;

(g) "Engineering College" means an engineering college, satisfactory to the Bank, which is selected by DOE to participate in the Project;

(h) "Polytechnic Institute" means a polytechnic institute, satisfactory to the Bank, which is selected by DOE to participate in the Project;

(i) "Resource Centers" means technical training institutions, satisfactory to the Bank, which are selected by DOE to participate in the Project;

(j) "ERAS" means the Exchange Risk Administration Scheme established in IDBI, as described in its release dated April 5, 1989;

(k) "Charter" means the Memorandum of Association and the Articles of Association of ICICI dated January 5, 1955, as amended to the date of this Agreement;

(l) "IDBI Act" means the Industrial Development Bank of India Act, 1964 of the Borrower, as amended to the date of this Agreement;

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

(n) "Rupees" or the sign Rs means the currency of the Borrower; and

(o) "foreign currency" means any currency other than the currency of the Borrower.

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 eight million dollars (\$8,000,000), 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 Parts C and D of 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 Parts C and D of the Project, open and maintain in dollars a special account in the Reserve Bank of India 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 December 31, 1995 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 per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of 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 for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 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. 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 obligations under this Agreement, carry out Parts C and D of the Project with due diligence and efficiency and in conformity with appropriate administrative, industrial and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for Parts C and D of 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.

Section 3.03. In order to ensure effective implementation and monitoring of Part C of the Project, the Borrower shall establish a Project Implementation Unit and a Steering Committee in accordance with a timetable and with staffing and membership, respectively, satisfactory to the Bank.

Section 3.04. (a) The Borrower shall ensure that the ERAS interest rate is adjusted as necessary in order to cover adequately the interest rate and foreign exchange risks.

(b) The Borrower shall, in the event of a deficit in the funds required for ERAS, extend necessary support, and may recoup its contribution when a surplus is generated.

(c) The Borrower shall review, from time to time, the re-lending procedures of each of ICICI and IDBI in order to ensure that interest rates to final users remain positive in real terms, reflective of market conditions and sufficient to provide a reasonable spread to such institutions.

Section 3.05. The Borrower shall cause ICICI and IDBI to prepare and furnish to the Bank not later than September 30, 1989 a detailed work plan satisfactory to the Bank for the implementation of Part D (iii) of the Project.

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 Parts C and D of the Project of the departments or agencies of the Borrower, including DOE, responsible for carrying out such Parts of the Project.

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

(d) The Borrower shall:

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

request.

ARTICLE V

Remedies of the Bank

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

(a) Either the Charter or the Act shall have been amended so as to materially and adversely affect the carrying out of Part A or B of the Project or the operations or financial condition of ICICI or IDBI respectively;

(b) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of either ICICI or IDBI or for the suspension of their respective operations;

(c) Any part of the principal amount of any loan to either ICICI or IDBI having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable; and

(d) The Swiss Contribution Agreement shall have failed to become effective by December 31, 1989 or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(e) (i) Subject to sub-paragraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds under: (a) the Swiss Contribution Agreement made to the Borrower for the financing of Part C of the Project; or (b) the Japanese Grant Agreement made to the Borrower for the financing of Part D of the Project, shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor;

(ii) Sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that:

(A) such suspension, cancellation, termination or premature is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(B) adequate funds for Part C or Part D the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified, namely that any event specified in paragraph (a), (b), (c) or (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

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

namely, that all conditions precedent to the effectiveness of the ICICI Loan Agreement and the IDBI Loan Agreement (other than those relating to the effectiveness of this Agreement) have been fulfilled.

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.

ARTICLE VII

Representatives of the Borrower; Addresses

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

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

Cable address:

ECOFAIRS
New Delhi

Telex:

953-313546

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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

INDIA

By /s/ Anil Kumar

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Bilsel Alisbah

Acting Regional Vice President

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 under Part C of the Project	7,200,000	100% of foreign expenditures 100% of local expenditures (ex- factory cost) and 80% of local expen- ditures for other items locally procured
(2) Unallocated	800,000	
TOTAL	8,000,000	

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; and

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement; and

(b) Part C of the Project, until the Swiss Contribution Agreement has become effective.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower to foster a competitive electronics industry.

The Project consists of the following Parts, as the same may be amended from time to time to achieve such objectives.

Part A: Electronics Industry Expansion and Upgrading (ICICI)

Financing of Investment Projects through Sub-loans to Investment Enterprises.

Part B: Electronics Industry Expansion and Upgrading (IDBI)

Financing of Investment Projects through Sub-loans to Invest-

ment Enterprises.

Part C: Manpower Development and Training

- (i) upgrading training capabilities of participating Engineering Colleges, CEDTs and Polytechnic Institutes through: (a) improvement of training materials and programs; (b) improvement of teaching facilities (laboratories and equipment); and (c) training of teachers;
- (ii) provision of consultants, equipment and technical training materials for the training of engineers and technicians by the Resource Centers; and
- (iii) development of closer links between the electronics industry and participating Engineering Colleges through a program of industrial attachment for students and the provision of part-time teachers from industry.

Part D: Technical Assistance

- (i) performance of a study and seminars to assist in the development of the computer software industry of India;
- (ii) undertaking seminars and related studies to provide additional inputs for improving investment growth and efficiency in the electronics industry; and
- (iii) development of a program to upgrade the capability of ICICI and IDBI to identify, appraise and implement electronics projects.

* * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
March 15, 1995	145,000.00
September 15, 1995	150,000.00
March 15, 1996	160,000.00
September 15, 1996	165,000.00
March 15, 1997	170,000.00
September 15, 1997	175,000.00
March 15, 1998	185,000.00
September 15, 1998	190,000.00
March 15, 1999	200,000.00
September 15, 1999	205,000.00
March 15, 2000	215,000.00
September 15, 2000	220,000.00
March 15, 2001	230,000.00
September 15, 2001	240,000.00
March 15, 2002	250,000.00
September 15, 2002	260,000.00
March 15, 2003	270,000.00
September 15, 2003	280,000.00
March 15, 2004	290,000.00
September 15, 2004	300,000.00
March 15, 2005	310,000.00
September 15, 2005	325,000.00
March 15, 2006	335,000.00
September 15, 2006	350,000.00
March 15, 2007	360,000.00

September 15, 2007	375,000.00
March 15, 2008	390,000.00
September 15, 2008	405,000.00
March 15, 2009	420,000.00
September 15, 2009	430,000.00

* 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

Except as provided in Part C of this Schedule, goods required for Part C of the Project 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).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in India 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 9 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Equipment items or groups of equipment items estimated to cost less than \$200,000 up to an aggregate amount not exceeding \$1,000,000 but comprising highly specialized items not available in India, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Equipment items or groups of equipment items estimated to cost less than the equivalent of \$200,000 per contract up to an aggregate amount not exceeding \$2,500,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. Off the shelf items or groups of items estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed \$1,000,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures satisfactory 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 estimated to cost the equivalent of \$200,000 or more, 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, such 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 5 to this Agreement.

(c) The provisions of the preceding sub-paragraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

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 the carrying out of Part D of the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be as agreed between the Borrower and the Bank. Such consultants shall be selected in accordance with principles and procedures agreed between the Borrower and 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Category" means the Category 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 Category in accordance with the provisions of Schedule 1 to this Agreement;

(c) the term "Authorized Allocation" means an amount equivalent to \$500,000 to be withdrawn from the Loan 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 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 for the Special Account, 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 into the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made 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 Category, 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 Sched-

ule, 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 for the Special Account, 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 respective Part of 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 for the respective Part of the Project 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.

