

CONFORMED COPY

LOAN NUMBER 3307 TUN

(Population and Family Health Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated May 22, 1991

LOAN NUMBER 3307 TUN

LOAN AGREEMENT

AGREEMENT, dated May 22, 1991, between REPUBLIC OF TUNISIA (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;

WHEREAS: (B) the Borrower has assured the Bank of its intentions to implement and improve its population and family health planning policy; and

WHEREAS: (C) 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 in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "BHC" means the Borrower's Basic Health Care System (Systeme de Soins de Sante de Base) for the provision and delivery of family planning, maternal and child care and other medical health care services in all rural health areas within the Borrower's territory;

(b) "Central Bank" means the Borrower's Central Bank (Banque Centrale de Tunisie), established and operating pursuant to the Borrower's Law No. 58-90, dated September 19, 1958;

(c) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period coincides with the calendar year commencing January 1 and ending December 31;

(d) "Governorates" means the administrative divisions of the Borrower, as organized by the Borrower's Decree dated June 21, 1956, as amended by the Borrower's Law No. 74-47, dated June 5, 1974; and the term "Governorate" means each of said Governorates;

(e) "MOH" means the Borrower's Ministry of Health (Ministcre de la Sante Publique), established and operating pursuant to the Borrower's Decree No. 81-793, dated June 9, 1981, and any successor thereto;

(f) "Needs Index" means the index developed by the Borrower and the Bank, establishing the Yearly Resource and Allocation Implementation Plan (as such term is defined hereinafter) and setting forth the optimum allocation of Project-related investments, resources and activities for the expansion and improvement of access to the BHC and the provision and delivery of BHC services;

(g) "ONFP" means the Borrower's National Office of Population and Family Planning (Office National de la Famille et de la Population), established and operating under the supervisory authority of the MOH pursuant to the Borrower's Law No. 84-70, dated August 6, 1984, as amended by the Borrower's Law No. 87-1, dated January 13, 1987;

(h) "PIU" means the Project Implementation Unit established by the Borrower within the MOH to administer the Project, and referred to in Section 3.02 (a) of this Agreement;

(i) "Yearly Resource and Allocation Implementation Plan" means the annual plan, referred to in Section 3.05 of this Agreement, to be prepared by the Borrower each Fiscal Year specifying, inter alia, the proposed allocation per Governorate of human, physical (including vehicles) and budgetary resources, and planned use thereof, and the programming of Project-related activities to be financed in whole or in part by the proceeds of the Loan, for the purposes of the provision and delivery of BHC services; and

(j) "Special Account" means the account referred to in Section 2.02 (b) of 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 this Agreement, various currencies that shall have an aggregate value equivalent to the amount of twenty-six million dollars (\$26,000,000), 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 the Central Bank 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 5 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 1997, 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 June 1 and December 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. 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 the MOH and ONFP with due diligence and efficiency and in conformity with appropriate financial, economic, administrative and health care practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. The Borrower shall establish and thereafter maintain within the Directorate of Basic Health Care of the MOH, in a form and with functions, resources, and personnel in sufficient numbers, including a director to be appointed by the Borrower and possessing the requisite qualifications (the Project Director), and terms of reference all satisfactory to the Bank and the Borrower, a Project Implementation Unit (the PIU) responsible for, among other things, supervising, coordinating and administering the overall day-to-day implementation of the Project.

Section 3.03. The Borrower shall: (a) not later than December 31, 1991, furnish to the Bank, for its review and comments, the proposed terms of reference for the study referred to in Part D.3 (f) of the Project; (b) not later than December 31, 1992, complete said study, taking into account the Bank's findings and recommendations; and (c) not later than December 31, 1993, on the basis of said findings and recommendations, establish a comprehensive maintenance and rehabilitation system.

Section 3.04. (a) The Borrower and the Bank shall, not later than October 31 in each Fiscal Year, beginning with the Fiscal Year ending December 31, 1992, meet and exchange views on the progress achieved by the Borrower in carrying out the Project during the Fiscal Year under review.

(b) Not later than four (4) weeks prior to such exchange of views, the Borrower shall furnish to the Bank a report, in such detail and scope as the Bank shall reasonably request, which report shall include an evaluation of the progress achieved by the Borrower in carrying out the Project during such Fiscal Year.

Section 3.05. (a) Not later than December 31 in each Fiscal Year, beginning with the Fiscal Year ending December 31, 1991, the Borrower shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank for its review and comments the Yearly

Resource Allocation and Implementation Plan for the immediately following Fiscal Year.

(b) Without any limitation or restriction upon the provisions of Section 3.01 of this Agreement, the Borrower shall promptly thereafter, taking into account the Bank's findings and recommendations, carry out each Yearly Resource Allocation and Implementation Plan with due diligence and efficiency, and at all times shall take all necessary measures to achieve the objectives thereof.

Section 3.06. The Borrower shall take all action necessary to ensure at all times: (a) that the annual rate of increase of the Borrower's budgetary allocations to the non-salary operating budget of the BHC shall be positive and at least equal to the corresponding annual rate of increase of the Borrower's budgetary allocations to the non-salary operating budget of the MOH; and (b) that any and all resources for the expansion of and improvement of access to the BHC shall be promptly allocated on the basis of the Needs Index.

Section 3.07. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project, and to be financed out of the proceeds of the Loan, shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate 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 (9) 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 (1) 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 this Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely: (a) that the Borrower shall have appointed the Project Director referred to in Section 3.02 of this Agreement and pursuant to the provisions thereof; and (b) that the Borrower shall have prepared and furnished to the Bank, for its review and approval, the Yearly Resource Allocation and Implementation Plan for the Fiscal Year ending December 31, 1992.

Section 5.02. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Planning and Regional Development 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:

Ministry of Planning and Regional Development
Place Ali Zouaoui
Tunis
Republic of Tunisia

Telex:

15117

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	248423 (RCA),
Washington, D.C.	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 TUNISIA

By /s/ Ismail Khelil
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ W. A. Wapenhans
Regional Vice President
Europe, Middle East and North Africa

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) Civil Works	6,800,000	80%
(2) Goods (including vehicles)	15,500,000	100% of foreign expenditures, 100% of local expendi- tures (ex-factory cost) and 70% of local expenditures for other items procured locally
(3) Consultants' services and training (including fellowships and trans- portation)	1,700,000	100%
(4) Unallocated	2,000,000	
TOTAL	<u>26,000,000</u> =====	

2. For the purposes of this Schedule:

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

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

3. Notwithstanding the provisions of paragraph 1 above, no

withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen the Borrower's capabilities for delivering health care services to its population in general, and to the women and children within its territory in particular, and to lower both their fertility and mortality levels by, inter alia, improving the provision and delivery of basic health care services especially to underprivileged population groups and those with the highest fertility and mortality levels.

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:

A. Strengthening of BHC Services:

1. Rehabilitating and upgrading BHC infrastructure and related facilities, and provision of equipment and material in order to: (i) carry out infant health care services, including the regular and periodic monitoring of infant health, child growth monitoring and related health care education for mothers; and (ii) equip about 557 BHC centers to carry out the health care services mentioned in Part A.1 (i) above.

2. Rehabilitating and equipping of an ONFP Specialized Family Planning Center to serve as a health care service referral facility.

B. Expanding Outreach Services to Increase Family Planning and Mother and Child Health Care Services:

Provision of: (a) about 420 vehicles and related spare parts; and (b) about 15 ONFP mobile clinics in order to: (i) extend the range and delivery by ONFP mobile clinics of family planning and mother and child health care services to selected BHC centers and underserved areas within the Governorates; and (ii) progressively integrate the provision and delivery of family planning and mother and child health care services in BHC centers within the Governorates.

C. Improving the First Referral Level of Care

1. Rehabilitating and providing x-ray, dental and laboratory equipment for about 50 district hospitals within the Governorates;

2. Provision of vehicles, including about 158 ambulances, in order to improve the first referral level of care within the Governorates;

3. Rehabilitating and equipping of about 5 BHC diagnostic centers; and

4. Refurbishing and equipping of about 6 BHC rural maternities.

D. Quality Enhancement of the BHC

1. Carrying out of training activities for selected BHC staff, including management training, and provision of related training equipment and material;

2. Equipping of 1 maintenance workshop to serve as a pilot model in the preparation of the maintenance study and system referred to in Part D.3 (f) of the Project and Sections 3.03 (b) and (c) of this Agreement.

3. Carrying out the following studies, under terms of reference satisfactory to the Bank: (a) a study on the medical prescription and dispensation practices in a representative sample of BHC

centers; (b) a study on maternal and pre-natal mortality; (c) a study on the acceptance and perceptions of integrated family planning and mother and child health care services within BHC facilities; (d) a study on the impact of improved reanimation services for the handicapped in maternities; (e) a study covering patient flow analysis in BHC facilities of both Type III (for preventive health care services to 10,000-15,000 inhabitants) and Type IV (for preventive health care services to over 15,000 inhabitants); and (f) a study evaluating and assessing the efficiency of the BHC entities' system for maintaining and rehabilitating their vehicles, equipment, infrastructure and related facilities, which study shall include, inter alia, an assessment of the cost-effectiveness of said entities' in-house maintenance system as compared to a system of subcontracting maintenance activities to private sector entities.

4. Provision and distribution of contraceptives and the dissemination of information on contraception necessary to maintain the current 40% contraceptive prevalence rate of married couples, and also meet the additional needs generated by the carrying out of the Project.

* * *

The Project is expected to be completed by September 30, 1996.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each June 1 and December 1 beginning December 1, 1996 through December 1, 2007	1,085,000
On June 1, 2008	1,045,000

* 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	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not	0.88

more than fifteen years
before maturity

More than fifteen years before maturity 1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

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 goods (including vehicles) shall be grouped into bid packages estimated to cost the equivalent of two hundred thousand dollars (\$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 the Republic of Tunisia 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. Local Competitive Bidding:

Civil works estimated to cost the equivalent of seven hundred thousand dollars (\$700,000) or less per contract, up to an aggregate amount not to exceed the equivalent of six million dollars (\$6,000,000), and goods estimated to cost the equivalent of two hundred thousand dollars (\$200,000) or less per contract, up to an aggregate amount not to exceed the equivalent of two million five hundred thousand dollars (\$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.

2. Local Shopping:

(i) Miscellaneous equipment estimated to cost less than the equivalent of fifty thousand dollars (\$50,000) per contract, up to an aggregate amount not to exceed the equivalent of one million five hundred thousand dollars (\$1,500,000), may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three (3) suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

(ii) Civil works estimated to cost less than the equivalent of seventy thousand dollars (\$70,000) per contract, up to an aggregate amount not to exceed the equivalent of three million five hundred thousand dollars (\$3,500,000), may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three (3) suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Direct Contracting:

Contracts for the procurement of educational materials, scholarships, stipends and transportation for students, up to an aggregate amount not to exceed the equivalent of one million two hundred thousand dollars (\$1,200,000), may 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 estimated to cost the equivalent of three hundred thousand dollars (\$300,000) 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, 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 5 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 twenty percent (20%) 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

Special Account

1. For the purposes of this Schedule:

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

(b) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to two million dollars (\$2,000,000) 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.

