

CONFORMED COPY

LOAN NUMBER 4326 UZ

Loan Agreement

(Tashkent Solid Waste Management Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated November 16, 1998

LOAN NUMBER 4326 UZ

LOAN AGREEMENT

AGREEMENT, dated November 16, 1998, between the REPUBLIC OF UZBEKISTAN (the Borrower) and the 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) the Project will be carried out by the Hokimiyat of Tashkent (as hereinafter defined) with the assistance of: (i) the Borrower, and as part of such assistance, the Borrower will make available to the Hokimiyat of Tashkent the proceeds of the Loan as provided in this Agreement; and (ii) Proizvodstvennoe Upravlenie Spetstrans (Spetstrans) as provided in the Project Agreement (as hereinafter defined);

(C) the Borrower is expected to enter into a loan agreement (the EBRD Loan Agreement) with the European Bank for Reconstruction and Development (EBRD) in an aggregate principal amount of US\$21,000,000 to assist in financing a portion of Parts A and B of the Project on the terms and conditions to be set forth in the EBRD Loan Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this

Agreement and in the Project 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 for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997) (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) "Charter" means the Charter of Spetstrans, dated August 10, 1993, as amended to the date of this Agreement, and includes other founding documents registered therewith with the Hokimiyat of Tashkent in accordance with applicable legislation of the Borrower.

(b) "CPIU" means the Central Project Implementation Unit established in the Borrower's Ministry of Macro-Economics and Statistics and includes any successor thereto.

(c) "Hokimiyat of Tashkent" means the municipality of Tashkent, an administrative agency of the Borrower, and includes any successor or successors thereto.

(d) "MPIU" means the Municipal Project Implementation Unit to be established or established in the Hokimiyat of Tashkent under Part B (1) of the Project and includes any successor thereto.

(e) "Project Agreement" means the agreement between the Bank and the Hokimiyat of Tashkent and Spetstrans, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

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

(g) "Spetstrans" means Proizvodstvennoe Upravlenie Spetstrans, a legal entity established under the Charter by the Hokimiyat of Tashkent for undertaking municipal solid waste management, and includes any successor or successors thereto.

(h) "Subsidiary Loan Agreement" means the agreement entered or to be entered into between the Borrower and the Hokimiyat of Tashkent pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement; and "Subsidiary Loan" means the loan granted under the Subsidiary Loan Agreement.

(i) "Sum" means 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, an amount equal to twenty-four million Dollars (\$24,000,000).

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 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 may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a bank, acceptable to the Bank, on terms and conditions satisfactory to the Bank including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2003, 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 LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan. Section 2.06. Interest and other charges shall be payable semiannually on February 15 and August 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. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any

limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause the Hokimiyat of Tashkent to perform in accordance with the provisions of the Project Agreement all the obligations of the Hokimiyat of Tashkent therein set forth, shall take or cause to be taken all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the Hokimiyat of Tashkent to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) For the purposes of the Project, the Borrower shall relend the proceeds of the Loan to the Hokimiyat of Tashkent under a subsidiary loan agreement to be entered into between the Borrower and the Hokimiyat of Tashkent under terms and conditions which shall have been approved by the Bank. Except as the Bank shall otherwise agree, such terms and conditions shall include the following:

(i) the principal amount of the Subsidiary Loan shall be repaid by the Hokimiyat of Tashkent in Sum to the Borrower in equal semi-annual installments over twelve years, including a grace period of three years;

(ii) interest shall be charged on the outstanding balance of the Subsidiary Loan at a rate equal to 12.5%; and

(iii) A commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Subsidiary Loan not withdrawn from time to time.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 2 to the Project Agreement.

Section 3.03. The Borrower and the Bank hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by the Hokimiyat of Tashkent pursuant to Section 2.02 of the Project Agreement.

Section 3.04. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) 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.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) (i) of
this Section and those for the Special Account for each fiscal year
audited, in accordance with appropriate auditing principles
consistently applied, by independent auditors acceptable to the
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 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 (p) of the General Conditions, the
following additional events are specified:

(a) The Hokimiyat of Tashkent or Spetstrans shall have failed to perform any
of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan
Agreement, an extraordinary situation shall have arisen which shall make it improbable
that the Hokimiyat of Tashkent or Spetstrans will be able to perform its obligations
under the Project Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of the
Loan or any grant or loan made to the Borrower for the financing
of the Project shall have been suspended, cancelled or
terminated in whole or in part, pursuant to the terms of the
agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the
agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower
establishes to the satisfaction of the Bank that: (A) such suspension,
cancellation, termination or prematuring is not caused by
the failure of the Borrower to perform any of its obligations
under such agreement; and (B) 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;

Section 5.02. Pursuant to Section 7.01 (k) of the General Conditions, the
following additional events are specified:

(a) any event specified in paragraph (a) of Section 5.01 of this Agreement
shall occur and shall continue for a period of sixty (60) days after notice thereof

shall have been given by the Bank to the Borrower; and

(b) the event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section.

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:

(a) the Subsidiary Loan Agreement has been executed on behalf of the Borrower and the Hokimiyat of Tashkent; and

(b) the EBRD Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals thereunder, except only the effectiveness of the Loan Agreement, have been fulfilled.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that Spetstrans is a legal entity organized and existing under the laws of the Borrower pursuant to its Charter and is empowered and authorized to enter into the Project Agreement and to lawfully perform its obligations and to carry out the activities contemplated thereunder in accordance therewith;

(b) that the Project Agreement has been duly authorized by the Hokimiyat of Tashkent and Spetstrans, and is legally binding upon the Hokimiyat of Tashkent and Spetstrans in accordance with its terms; and

(c) that the Subsidiary Loan Agreement has been duly authorized by, and is legally binding upon, the Borrower and the Hokimiyat of Tashkent in accordance with its terms.

Section 6.03. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Mustakillik Square 5
Tashkent 700078
Republic of Uzbekistan

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

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

REPUBLIC OF UZBEKISTAN

By /s/ Bakhtier Hamidov

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Pearce

Acting Regional Vice President
Europe and Central Asia

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) Turnkey contract for transfer stations under Part A of the Project	5,000,000	100% of foreign expenditures, 100% of local expendi- tures (ex-factory cost) and 80% of local expenditures for other items procured locally
(2) Equipment and waste collection vehicles	16,600,000	100% of foreign expenditures, 100% of local expendi- tures (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Unallocated	2,400,000	
TOTAL	24,000,000	

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 payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for goods under contracts not exceeding \$300,000 equivalent, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) restore Tashkent's municipal solid waste management (MSWM) collection and disposal system to a satisfactory level of service; and (b) improve the technical, financial and institutional basis for its future operation and development.

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: INVESTMENT COMPONENT

(1) Collection Infrastructure.

Provision of a variety of collection bin types, sufficient to re-equip the current MSWM system for service in all sectors, including: (a) 750 liter metal collection bins suitable for both side and rear loading vehicles and a portion of them having wheels for transfer from resident to street collection points; (b) a quantity of smaller plastic or metal residential bins (100-liter and 240-liter) for individual residences; (c) dedicated commercial/industrial service metal bins in two sizes (1100-litre, 10,000-litre); and (d) prefabricated concrete slabs for collection points.

(2) Waste Collection Vehicles and Support Equipment.

Provision of: (a) a fleet of up to 250 waste collection and support vehicles (primarily 3-ton rear and side loading compactors and 5-ton dump trucks suitable for service within the city and hauling to transfer stations); (b) about twenty 10-ton roll-off type container trucks to allow more efficient service to the heavy commercial and industrial sectors, as well as direct haulage to the landfill; and (c) about twenty vacuum trucks, service vehicles, bin washing vehicles, and tractors, including spares for 100 existing trucks and the new vehicles.

(3) Vehicle Park Development.

Upgrading of the four existing district service centers and the development of a central repair workshop for major repairs.

(4) Landfill Modernization.

Upgrading of: (a) Tashkent's Aghangaranskoe Highway landfill long term disposal facility, including the addition of new operating equipment in the form of bulldozers, landfill compactors, and excavators, as well as support equipment for maintenance and personnel transport; and (b) the infrastructure with site maintenance shops, access and utility upgrading, environmental monitoring capacity and service building, including allowance for progressive closure of presently utilized areas and opening of new areas.

(5) Landfill Closure.

Provision of equipment and civil works required to effect an environmentally sound closure at Tashkent's Zangiata and Xansanbay landfills, as well as long term environmental monitoring capacity.

(6) Transfer Stations/Transfer Vehicles.

Supply and erection of four waste transfer stations in Tashkent each handling residential, commercial and institutional waste designated for consolidation and for transshipment to Aghangaranskoe Highway landfill.

(7) Biomedical Waste Facilities.

Development of an interim capacity to manage biomedical waste co-disposed with other wastes at landfills and provision of dedicated vehicles and containers such that this waste can be collected from generation sites separately from other wastes and disposed of in a segregated cell to be developed at Aghangaranskoe Highway landfill.

PART B: INSTITUTIONAL SUPPORT COMPONENT

(1) Project Management Support.

Establishment and operation of a Municipal Project Implementation Unit within the Hokimiyat of Tashkent and provision of support to the MPIU and the CPIU to supervise project implementation, including the furnishing of computer and office equipment, office improvements, CPIU and MPIU staff costs, and implementation support respecting procurement and disbursement.

(2) Strategic Plan and Tariff Study.

Preparation of a strategic medium and long term plan for the development and design of a structure for the municipal solid waste management services, including a tariff study to assist the Hokimiyat of Tashkent to develop a tariff policy required for an efficient solid waste management system.

(3) Institutional Strengthening.

Provision of planning and technical assistance for strengthening the operational and financial management capacity and efficiency of Spetstrans and facilitating its commercialization and ultimate privatization, development and implementation of a modern financial management system, and provision of necessary support equipment and training therefor, including training related to collection operations, landfill operation and closure and design of future landfill expansion.

* * *

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

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in Dollars)*
February 15, 2004	505,000
August 15, 2004	520,000
February 15, 2005	535,000
August 15, 2005	555,000
February 15, 2006	570,000
August 15, 2006	585,000
February 15, 2007	605,000
August 15, 2007	620,000
February 15, 2008	640,000
August 15, 2008	660,000
February 15, 2009	680,000
August 15, 2009	700,000

February 15, 2010	720,000
August 15, 2010	740,000
February 15, 2011	765,000
August 15, 2011	785,000
February 15, 2012	810,000
August 15, 2012	835,000
February 15, 2013	860,000
August 15, 2013	885,000
February 15, 2014	910,000
August 15, 2014	935,000
February 15, 2015	965,000
August 15, 2015	995,000
February 15, 2016	1,025,000
August 15, 2016	1,055,000
February 15, 2017	1,085,000
August 15, 2017	1,120,000
February 15, 2018	1,150,000
August 15, 2018	1,185,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) 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 required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$2,000,000.

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 deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the 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 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;

(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 Account;

(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 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.

