

CONFORMED COPY

LOAN NUMBER 2874 IVC

Loan Agreement

(Fifth Rubber Project)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 19, 1987

LOAN NUMBER 2874 IVC

LOAN AGREEMENT

AGREEMENT, dated October 19, 1987, between REPUBLIC OF COTE D'IVOIRE (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) the Borrower intends to contract from Caisse Centrale de Cooperation Economique (CCCE) a loan (CCCE Loan in French Francs, in an amount of French Francs seventy two million (FF 72,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (CCCE Loan Agreement) to be entered into between the Borrower and CCCE;

(C) the Borrower has requested Commonwealth Development Corporation (CDC) to assist in financing parts of the Project by making available to the Borrower an aggregate amount of Pound Sterling eight million five hundred thousand (£8,500,000) (CDC Financing);

(D) Parts A, B and C of the Project will be Jointly carried out by Societe Africaine de Plantations d'Heveas (SAPH) and Banque Nationale pour le Developpement Agricole (BNDA); Parts D, E and F (1) of the Project will be carried out by SAPH, Part

F (2) of the Project will be carried out by Societe Heveicole de Go (HEVEGO); and Part G of the Project will be carried out by the Borrower through DCGTx which shall also be responsible of the monitoring and evaluation, supervision and control of Parts A to F of the Project, all with the Borrower's assistance; 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 of even date herewith among the Bank, HEVEGO, SAPH and BNDA;

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) "Project Agreement" means the agreement among the Bank, HEVEGO, SAPH and BNDA of even date herewith, and such term includes all schedules and agreements supplemental to the Project Agreement;

(b) "Accord de Retrocession" means the subsidiary loan agreement to be entered into between the Borrower and BNDA pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time;

(c) "CAA" means Caisse Autonome d'Amortissement of the Borrower;

(d) "CFAF" means the currency of the Borrower;

(e) "Contracts" means the management contract between the Borrower and SAPH, referred to in Section 3.04 (b) of this Agreement and the management contract between the Borrower and HEVEGO referred to in Section 3.04 (c) of this Agreement, all as amended from time to time, and "Contract" means any one of these;

(f) "BNDA Agreement" means the agreement between CAA and BNDA, dated March 21, 1979, as amended from time to time;

(g) "Special Accounts" means the accounts to be opened and thereafter maintained pursuant to Section 2.02 (b) of this Agreement;

(h) "Project Accounts" means the accounts to be opened at CAA and to be funded and operated pursuant to Section 3.05 of this Agreement;

(i) "Project Entities" means HEVEGO, SAPH and BNDA and "Project Entity" means any one of these;

(j) "GMPH" means Groupement de Moyennes Plantations d'Heveas, the entity to be created by the Borrower in accordance with the provisions of Section 3.06 (a) of this Agreement;

(k) "Rubber Master Plan" means the plan, adopted by the Borrower's Ministry of Agriculture, covering the Borrower's long term strategy for its rubber sub-sector;

(l) "Protocol" means the contractual arrangement between SAPH and BNDA, dated January 5, 1979, as amended from time to time;

(m) "IRCA/CI" means Institut de Recherche sur le Caoutchouc en Cote d'Ivoire, an agricultural research institution under the authority of the Borrower, operating

pursuant to the Accord Cadre of 1984; and

(n) "DCGTx" means Direction et Controle des Grands Travaux 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 in various currencies equivalent to eleven million nine hundred thousand dollars (\$11,900,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule I 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 CFAF three special accounts in CAA on term and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1992, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Project Entities 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 semiannually on May 1 and November 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.

Section 2.08. SAPH, HEVEGO and BNDA are designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

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, through DCGTx, cause the Project Entities to perform, in accordance with the provisions of the Project Agreement, all the obligations of the Project Entities therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the Project Entities to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall:

(i) relend to BNDA of the proceeds of the Loan as may be allocated from time to time to Categories (1) (b), (2) and (3) of the table set forth in paragraph 1 of Schedule 1 to the Loan Agreement, under an Accord de Retrocession to be entered into between the Borrower and BNDA, under terms and conditions which shall have been approved by the Bank and which shall include an interest rate equal to the Bank's interest rate on the Loan repayment by BNDA of amounts so relent in equal semiannual installments over a period of twenty years, including a grace period of five years, and bearing by the Borrower of the risk of fluctuations in the value of currencies so relent to BNDA; and

(ii) make available to SAPH and HEVEGO for the purposes of Parts A through F (1) and F (2) of the Project, respectively, such amounts out of the proceeds of the Loan as may be allocated from time to time to Categories (1) (a), (4), (5) and (6) and Category (7), respectively, of the table set forth in paragraph 1 of Schedule 1 to the Loan Agreement, on the terms and conditions set forth in the Contracts.

(c) The Borrower shall exercise its rights under the Contracts, the BNDA Agreement and the Accord de Retrocession 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, the Borrower shall not assign, amend, abrogate or waive the Contracts on the BNDA Agreement or the Accord de Retrocession or any provision thereof.

(d) The Borrower appoints DCGTx for the monitoring and evaluation, supervision and control of the execution of the Project by the Project Entities.

Section 3.02. 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 1 to the Project Agreement.

Section 3.03. The Bank and the Borrower 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) in respect of Parts A, B, C, D, E and F of the Project shall be carried out by the Project Entities pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall:

(a) amend the BNDA Agreement to include loans to outgrowers under Parts A, B and C of the Project, and to specify the terms and conditions upon which the Borrower shall grant to BNDA throughout the execution of the Project a minimum spread of 3% taking into account BNDA's resource mobilization costs;

(b) amend its existing Contract with SAPH to extend the duration and to include the works to be managed by SAPH under Parts A, B, C, D, E and F (1) of the Project; and

(c) amend its existing Contract with HEVEGO to include the works to be managed by HEVEGO under Part F (2) of the Project.

Section 3.05. Pursuant to the provisions of Section 3.01 of this Agreement, but without any limitations thereon, the Borrower shall:

(a) for the purposes of the Project, open Project Accounts in the name of SAPH, HEVEGO and BNDA at CAA on terms and conditions satisfactory to the Bank;

(b) make, out of its own resources, an initial deposit of CFAF 25,000,000 in the BNDA account; and

(c) make, out of its own resources and at least quarterly, such further deposits on the basis of estimated cash requirement forecasts made by SAPH, HEVEGO and BNDA, respectively, and reviewed by the Borrower through DCGTx, as shall be required to meet these entities' expenditures for the Project for the immediately following six-month period.

Section 3.06. The Borrower shall:

(a) prepare and issue a legal framework for the establishment of agricultural investors groups to develop, inter alia, medium-scale rubber plantations; and

(b) cause SAPH to conclude contractual arrangements, acceptable to the Bank, with the agricultural investors group (GMPH) to be established under such framework which shall include, inter alia, provisions for the execution of Part C of the Project under the terms and conditions of the Project Agreement applicable to Part C of the Project.

Section 3.07. The Borrower shall employ at all times during the execution of the Project an agro-economist, with qualifications and terms and conditions of employment satisfactory to the Bank, to strengthen DCGTx in carrying out studies, and the monitoring, evaluation, supervision and control of the execution of the Project.

Section 3.08. Before the Closing Date, the Borrower shall exchange views with the Bank on a formula for the extension cost recovery cess applicable to medium-scale estates.

Section 3.09. In order to carry out Part B of the Project, the Borrower shall set up a special committee for the selection of participants in the medium-scale plantation program, in accordance with selection criteria satisfactory to the Bank. Said committee shall include high level representatives of the Borrower's Ministry of Agriculture, DCGTx, SAPH and BNDA.

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 Accounts 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 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) Any Project Entity 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 a Project Entity will be able to perform its obligations under the Project Agreement.

(c) Any legal provision governing or applicable to the organization or operations of any Project Entity or to the organization or operations of GMPH shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any Project Entity or GMPH to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of a Project Entity or of GMPH or for the suspension of its operations, without the prior approval of the Bank.

(e) The Borrower or any other authority having jurisdiction shall have granted additional management responsibilities to SAPH or made changes in SAPH senior management positions in charge of the Project so as to affect materially and adversely the ability of SAPH to perform any of its obligations under the Project Agreement.

(f) Any of the Contracts, the BNDA Agreement or the Accord de Retrocession shall have been suspended, waived, terminated or in any material respect amended, without the prior approval of the Bank.

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

(A) the right of the Borrower to withdraw the proceeds of any grant, loan or credit 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 thereof; or

(B) any such loan or credit 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:

- not caused obligations under from other obligations of the
- (A) such suspension, cancellation, termination or prematuring is by the failure of the Borrower to perform any of its such agreement; and
 - (B) adequate funds for the Project are available to the Borrower sources on term and conditions consistent with the Borrower under this Agreement.

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

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Project Entity concerned;

(b) the events specified in paragraphs (c) through (f) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (g) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (g) (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 Accord de Retrocession has been executed on behalf of the Borrower and BNDA, satisfactory to the Bank;

(b) the conditions of effectiveness of the CCCE Loan Agreement for the Project and the CDC Financing for the Project, other than the effectiveness of this Agreement, have been fulfilled;

(c) a price structure, satisfactory to the Bank, for the purchase of all rubber from outgrowers is in effect;

(d) the Project Accounts have been opened in accordance with the provisions of Section 3.05 of this Agreement, and an initial deposit of CFAF 25,000,000 has been made in the BNDA Account;

(e) the extension of, and amendment to the Contract between the Borrower and SAPH, as provided in Section 3.04 (b) of this Agreement, have been duly executed on behalf of the-Borrower and SAPH;

(f) the amendment to the BNDA Agreement, as provided in Section 3.04 (a) of this Agreement, has been duly executed on behalf of the Borrower and BNDA; and

(g) the amendment to the Protocol, as provided in Section 2.08 (a) of the Project Agreement, has been duly executed on behalf of BNDA and SAPH.

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 the Project Agreement has been duly authorized or ratified by each Project Entity and is legally binding upon each Project Entity in accordance with its terms; and

(b) that the Accord de Retrocession has been duly authorized or ratified by the Borrower and BNDA and is legally binding upon the Borrower and BNDA in accordance with its terms.

Section 6.03. 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. Except as provided in Section 2.08 of this Agreement, the Minister of the Borrower responsible for Economy and Finance 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 Economy and Finance
P.O. Box V 125
Abidjan
Republique de Cote d'Ivoire

Cable address:

MINIFIN
Abidjan

Telex:

MINIFIN 3747
Abidjan

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.

REPUBLIC OF COTE D'IVOIRE

By /s/ Charles Gomis

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Sven Sandstrom

Acting Regional Vice President
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) Part A of the Project:		
(a) Extension Services (SAPH)	2,802,000	25%
(b) Agricultural inputs (BNDA credits)	1,456,000	26%
(2) Agricultural inputs for Part B of the Project (BNDA credit)	460,000	20%
(3) Management Services for Part C of the Project (BNDA)	193,000	35%
(4) Planting for Part D of the Project (SAPH)	909,000	71%
(5) Planting maintenance for Part E of the Project (SAPH)	737,000	72%
(6) Goods and Services for Part F (1) of the Project (SAPH)	356,000	41%
(7) Part F (2) of the Project (HEVEGO):		
(a) Construction	754,000	62%
(b) operating costs	1,312,000	27%
(8) Part G of the Project (DCGTx):		
(a) studies	1,036,000	60%
(b) technical assistance	696,000	100%
(9) Unallocated	1,189,000	
TOTAL	11,900,000	

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "Extension Services" means all costs incurred in the provision of goods and services to farmers for the proper development of their plantations and of their technical and managerial skills.

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;

(b) expenditures under Category (2) unless the Bank has received evidence satisfactory to it showing that the Borrower has appointed the special committee referred to in Section 3.09 of this Agreement;

(c) expenditures under Category (3) unless the Bank has received evidence satisfactory to it showing that:

(i) GMPH has been established in accordance with Section 3.06 (a) of this Agreement with statutes and a partnership agreement satisfactory to the Bank;

(ii) the contractual arrangement between SAPH and GMPH has been duly concluded in accordance with Section 3.06 (b) of this Agreement and is binding upon SAPH and GMPH; and

(iii) the plot selected for Part C of the Project is unencumbered; and

(d) expenditures under Categories (5) and (7) until the proceeds of Loan No. 2323 IVC allocated to Categories (3) and (5) of the table in Schedule 1 to the Loan Agreement providing therefor have been fully withdrawn.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in increasing its export earnings, to diversify the agricultural sector and to support the rural credit system.

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: Smallholder Plantations

(1) Land clearing, planting and maintenance to maturity of about 10,200 ha of rubber trees in the South-East, South-West and Center regions.

(2) Maintenance of about 3,990 ha of rubber trees in the South-East regions.

Part B: Medium-Scale Individual Plantations (PMPH)

(1) Establishment of about 2,000 ha of medium-scale rubber tree estates in individual blocks of 25 to 70 ha each by existing land owners in the South-East region.

(2) Execution of a pilot program to develop about 1,000 ha of rubber trees in individual blocks of 20 ha each by rural youth in the South-East region.

Part C: Medium-Scale Plantations under Single Management (GMPH)

Development of about 700 ha of rubber trees in individual blocks of about 25 ha each in the Rapides Grah estate in the South-West region.

Part D: Bettie Nucleus Estate

Land clearing and planting of about 600 ha of rubber trees.

Part E: Cavally Nucleus Estate

Maintenance to maturity of about 2,000 ha of rubber trees.

Part F: Research

(1) Adaptative research for rubber crop development.

(2) Construction of offices, housing and tracks for HEVEGO and vehicles maintenance.

Part G: Studies

Studies to update and complement the Rubber Master Plan, including a land identification survey covering about 100,000 ha, a feasibility study of decentralized smallholder and medium-scale processing, and an analysis of the several clone trials established through the potential rubber area.

* * * * *

The Project is expected to be completed by June 30, 1992.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
On each May 1 and November 1 beginning May 1, 1993 through May 1, 2007	395,000
On November 1, 2007	445,000

* 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

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on 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

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) 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 Parts A through F of 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:

(i) an amount equivalent to CFAP 360,000,000 to be withdrawn from the Loan Account and deposited into the Special Account used exclusively for Categories (1) (a), (4), (5) and (6);

(ii) an amount equivalent to CFAP 150,000,000 to be withdrawn from the Loan Account and deposited into the Special Account used exclusively for Categories (1) (b), (2) and (3); or

(iii) an amount equivalent to CFAP 100,000,000 to be withdrawn from the Loan Account and deposited into the Special Account used exclusively for Category (7) pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Bank shall otherwise agree, payments out of any 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 a Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish it may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into such Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Bank requests for replenishment of such Special Account at such intervals as the Bank shall specify. On the basis of such requests, the Bank shall withdraw from the Loan Account and deposit into such Special Account such amounts as shall be required to replenish it with amounts not exceeding the amount of payments made out of such 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 the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of any Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Bank, prior to or at the time of such request, such documents and other evidence as the Bank shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into any Special Account shall be made by the Bank when either of the following situations first arises:

(i) 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

(ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories for Parts A through F of the Project, minus the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A through F of the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories for Parts A through F 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 any 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 a Special Account:

(i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or

(ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Bank, deposit into said 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. No further deposit by the Bank into any of the Special Accounts shall be made until the Borrower has made such deposit or refund.

(b) If the Bank shall have determined at any time that any amount outstanding

in a 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 for crediting to the Loan Account.

