

CONFORMED COPY

TF027041

Trust Fund Credit Agreement

(Palestinian Expatriate Professional Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION (Acting as Administrator of
the Trust Fund for Gaza and West Bank)

and

PALESTINE LIBERATION ORGANIZATION

(for the Benefit of the Palestinian Authority)

Dated October 8, 1997

TF027041

TRUST FUND CREDIT AGREEMENT

AGREEMENT, dated October 8, 1997, between PALESTINE LIBERATION ORGANIZATION (for the benefit of the Palestinian Authority) (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as administrator (the Administrator) of the Trust Fund for Gaza and West Bank, established on October 19, 1993, by Resolution No. 93-11 and IDA 93-7, as amended by Resolution No. 95-6 and IDA 95-3 and as further amended by Resolution No. 96-11 and IDA 96-7, of the Executive Directors of the International Bank for Reconstruction and Development and the International Development Association (the Trust Fund).

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has resolved, on February 3, 1997, to, inter alia, replenish the Trust Fund in the amount of ninety million dollars (\$90,000,000), such amount to be transferred from the surplus of the International Bank for Reconstruction and Development and to be used for financing rehabilitation projects in the Gaza Strip (Gaza) and the West Bank (the West Bank);

(B) the Palestinian Liberation Organization and the Government of the State of Israel have entered, on September 28, 1995, into an agreement which, inter alia, sets out certain interim self-government arrangements in Gaza and the West Bank (the Interim Agreement);

(C) under the Interim Agreement, the parties thereto agreed to the establishment of a Palestinian Interim Self-Governing Authority (the Palestinian Authority or PA);

(D) Section 5 (b) of Article IX of the Interim Agreement authorizes the Palestinian Liberation Organization to conduct negotiations and, in certain cases described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority;

(E) the PA has requested the Administrator to assist in financing the project described in Schedule 2 to this Agreement (the Project);

(F) the Borrower intends to obtain from the Welfare Association a grant (the WA Grant) in an aggregate principal amount equivalent to US\$3,000,000 to assist in the financing of the Project on the terms and conditions set forth in an agreement between the Borrower and the Association (the WA Grant Agreement); and

(G) the Association has agreed to enter with the Welfare Association into an agreement (the WA Grant Administration Agreement) pursuant to which the Association shall, inter alia, administer the WA Grant on the terms and conditions set forth in the WA Grant Administration Agreement;

WHEREAS the Administrator has agreed, on the basis, inter alia, of the foregoing to extend the Credit to the Borrower, for the benefit of the PA, 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" set forth in Schedule 1 to the Trust Fund Credit Agreement between the Administrator and the Palestinian Council for Development and Reconstruction, dated September 7, 1994, relating to the Emergency Rehabilitation Project (TF 026066 GZ), with the following modifications thereto (the General Conditions), constitute an integral part of this Agreement:

(a) The second sentence of Section 5.01 is modified to read:

"Except as the Administrator and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Administrator or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Administrator, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

(b) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Administrator. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Administrator determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Administrator determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Administrator to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Administrator determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Trust Fund Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the

Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Administrator may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be cancelled."

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

(b) "Subsidiary Agreement" means the agreement to be entered into between the Borrower and the PA pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term shall include all schedules to the Subsidiary Agreement.

ARTICLE II

The Credit

Section 2.01. The Administrator agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to three million dollars (\$3,000,000).

Section 2.02. (a) The amount of the Credit and the WA Grant may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit and the WA Grant.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars two (2) special deposit accounts, the first in respect of expenditures to be financed out of the proceeds of the Credit (the Credit Special Account) and the second in respect of expenditures to be financed out of the proceeds of the WA Grant (the WA Special Account), in a commercial bank, acceptable to the Administrator, on terms and conditions satisfactory to the Administrator, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Association shall not be obligated to make any payment under the WA Grant Agreement except to the extent it shall have received funds for the purpose from the Welfare Association pursuant to the WA Grant Administration Agreement.

Section 2.03. The Closing Date shall be December 31, 2000, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall cause the PA to pay to the Administrator a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Administrator as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty (60) days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Administrator shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this

Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall cause the PA to pay to the Administrator a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall cause the PA to repay the principal amount of the Credit in semi-annual installments payable on each June 1 and December 1 commencing December 1, 2007, and ending June 1, 2037. Each installment to and including the installment payable on June 1, 2017, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 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, shall carry out the Project, through the PA, with due diligence and efficiency, in conformity with appropriate administrative and technical practices and in accordance with the Implementation Program set forth in Schedule 4 to this Agreement, as the same may be amended from time to time by mutual agreement of the Borrower and the Administrator, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall make the proceeds of the Credit and of the WA Grant available to the PA under a subsidiary agreement to be entered into between the Borrower and the PA, under terms and conditions which shall have been approved by the Administrator;

(c) The Borrower shall cause the PA to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the PA therein set forth, shall cause the PA: (i) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable PA to carry out the Project; and (ii) not to take or permit to be taken any action which would prevent or interfere with its ability to carry out the Project; and

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

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the services required for the Project and to be financed out of the proceeds of the Credit and the WA Grant shall be governed by the provisions of Schedule 3, and paragraph 2 of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall cause the PA to:

(a) prepare, on the basis of guidelines acceptable to the Administrator, and furnish to the Administrator not later than six (6) months after the Closing Date, or such later date as may be agreed for this purpose between the PA and the Administrator, a plan to ensure the continued achievement of the Project's objectives; and

(b) afford the Administrator a reasonable opportunity to exchange views with

the PA on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause the PA to maintain 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 PA responsible for carrying out the Project or any part thereof.

(b) The Borrower shall cause the PA to:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator, as soon as available, but in any case not later than six (6) months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records, accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals of the proceeds of the Credit and the WA Grant were made on the basis of statements of expenditure, the Borrower shall cause the PA to:

(i) maintain in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Administrator has received the audit report for the fiscal year in which the last disbursement out of the proceeds of the Credit and the WA Grant was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Administrator'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

Remedies of the Administrator

Section 5.01. (a) Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely that, subject to paragraph (b) of this Section, the right of the Borrower to withdraw the proceeds of any grant 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.

(b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Administrator that: (i) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its

obligations under such agreement; and (ii) 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.

ARTICLE VI

Effectiveness Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Trust Fund Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions: (a) the Subsidiary Agreement has been executed on behalf of the Borrower and the PA; and (b) the amount of the WA Grant has been deposited in the account specified by the Administrator in accordance with the provisions of the WA Grant Administration Agreement.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Administrator, namely, that the Subsidiary Agreement has been duly authorized and ratified by, and executed and delivered on behalf of the Borrower and the PA and is legally binding upon the borrower and PA 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.

Section 6.04. In the event that the Welfare Association or the Administrator terminate the functions of the Administrator in accordance with the terms of the WA Grant Administration Agreement, the Administrator shall notify the Borrower promptly of this event. Thereafter, further disbursements of the WA Grant shall be made pursuant to such other arrangements as shall be agreed upon between the Borrower and the Welfare Association.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the PA 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:

Palestine Liberation Organization
c/o The Palestinian Authority
Gaza City

For the Administrator:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

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 Ramallah as of the day and year first above written.

PALESTINE LIBERATION ORGANIZATION

By /s/ Mohammed Z. Nashashibi

Member of Executive Committee, PLO
Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

As Administrator of the Trust Fund for Gaza and West Bank

By /s/ Joseph P. Saba

Country Director and Resident Representative
West Bank/Gaza Program

SCHEDULE 1

Withdrawal of the Proceeds of the Credit and the WA Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit and the WA Grant, the allocation of the amounts thereof to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in Dollar Equivalent)	Amount of the WA Grant (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Professional Services	1,950,000	2,550,000	100%
(2) Consultants' Services	1,050,000	450,000	100%
TOTALS	3,000,000	3,000,000	

2. 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 except that withdrawals in an aggregate amount not to exceed the equivalent of \$100,000 may be made on account of payments made for expenditures before that date, but after May 13, 1997.

3. The Administrator may require withdrawals of the Credit and the WA Grant to be made on the basis of statements of expenditure, under such terms and conditions as the Administrator shall specify by notice to the Borrower.

4. Each application by the Borrower, for withdrawal shall be deemed to be a request to withdraw funds out of the proceeds of the Credit and the WA Grant, and the funds to be withdrawn pursuant to such application shall be apportioned by the Administrator, as nearly as practicable, in the circumstances, between the Credit and the WA Grant in such ratio as, from time to time, shall be agreed between the Administrator and the Welfare Association and specified by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to upgrade the institutional capability of the Borrower's administration.

The Project consists of the following part, subject to such modifications thereof as the Borrower and the Administrator may agree upon from time to time to achieve such objective:

Carrying out a program to establish efficient administrative structures and improve the quality of management and technical skills in key ministries and agencies through the provision of management and technical experts.

* * * * *

The Project is expected to be completed by June 30, 2000.

SCHEDULE 3

Consultants' Services

Part A: General

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

Part B: Quality- and Cost-based Selection

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 2.13 through 2.18 thereof applicable to quality- and cost-based selection of consultants.

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

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

2. Prior Review

With respect to each contract for the employment of consultants, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 3.01 (a) of this Agreement.

1. The Borrower shall: (a) maintain, with resources and terms of reference satisfactory to the Administrator, a Steering Committee comprised of one representative of the Borrower's Ministries of Economy and Trade, Finance, and Planning and International Cooperation, and one representative of each of the private sector and non-governmental organizations, to be responsible for the oversight of Project implementation and the provision of policy guidance thereunder; (b) employ, in accordance with the procedures set forth in Schedule 3 to this Agreement, and maintain the services of a consulting firm, with terms of reference satisfactory to the Administrator, to assist in the carrying out of the Project, including in the preparation and application of the international search and recruitment process referred to in paragraph 2 below, and to act as a Technical Secretariat to the Steering Committee referred to in subparagraph (a) above.

2. The Borrower shall ensure that all management and technical experts to be employed under the Project shall be identified and recruited on the basis of quarterly

work plans and pursuant to a competitive and transparent international search and recruitment process, developed with the assistance of the consulting firm referred to in paragraph 1 (b) above, and acceptable to the Administrator.

3. The Borrower shall: (a) maintain procedures adequate to enable it to monitor and evaluate on an on-going basis, in accordance with indicators agreed with the Administrator, the carrying out of the Project and the achievement of the objectives thereof; (b) prepare, under terms of reference satisfactory to the Administrator, and furnish to the Administrator: (i) on a quarterly basis until completion of the Project, commencing January 1, 1998, a report, integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) above, on the progress achieved in the carrying out of the Project during the period of three (3) months preceding the date of such report, and (ii) on or about May 31, 1998, an interim report, integrating the data and other information contained in the reports prepared pursuant to subparagraph (b) (i) above, on the progress achieved in carrying out the Project during the period preceding the date thereof and setting out the measures recommended to ensure the efficient carrying out of the Project during the period following such date; and (c) review with the Administrator each such report, and, thereafter, take all measures required to ensure the efficient carrying out of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Administrator's views on the matter.

SCHEDULE 5

Special Accounts

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 services required for the Project and to be financed out of the proceeds of the Credit and the WA Grant 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 \$300,000 in respect of the Credit Special Account, and an amount equivalent to \$300,000 in respect of the WA Grant Special Account, to be withdrawn, respectively, from the Credit Account and the WA Grant Account (the Accounts) and deposited into the respective Special Account pursuant to paragraph 3 (a) of this Schedule; provided, however, that unless the Administrator shall otherwise agree, the Authorized Allocation for each of the Special Accounts shall be limited to an amount equivalent to \$150,000 until the aggregate amount of withdrawals from the Accounts, plus the total amount of all outstanding special commitments entered into by the Administrator pursuant to Section 5.02 of the General Conditions, shall be equal to or exceed the equivalent of \$600,000.

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

3. After the Administrator has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation, and subsequent withdrawals to replenish the respective Special Account, shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Administrator 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 Administrator shall, on behalf of the Borrower, withdraw from the Accounts and deposit in the respective Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Administrator 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 Administrator shall, on behalf of the Borrower, withdraw from the Accounts and deposit into the respective 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 respective Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Administrator from the Accounts 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 respective Special Account, the Borrower shall, at such time as the Administrator shall reasonably request, furnish to the Administrator 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 Administrator shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Borrower directly from the Accounts 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 Administrator, 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 Administrator pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Administrator 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 Accounts pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit and the WA Grant allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the aggregate amount of the Authorized Allocations.

Thereafter, withdrawal from the Accounts of the remaining unwithdrawn amount of the Credit and the WA Grant allocated to the eligible Categories shall follow such procedures as the Administrator shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the Special Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Administrator shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Administrator, the Borrower shall, promptly upon notice from the Administrator: (A) provide such additional evidence as the Administrator may request; or (B) deposit into the respective Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Administrator shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for

eligible expenditures, the Borrower shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount.

(c) The Borrower may, upon notice to the Administrator, refund to the Administrator all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Administrator made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Accounts for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

