

CONFORMED COPY

INTERIM FUND CREDIT NUMBER N004 MLI

Interim Fund
Development Credit Agreement

(Urban Development and Decentralization Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Administrator of the interim trust fund
established with funds contributed by certain
members of International Development Association
pursuant to Resolution No. IDA 184 of the Board
of Governors of International Development Association

Dated December 19, 1996

INTERIM FUND CREDIT NUMBER N004 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 19, 1996, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) as administrator (the Administrator) of the interim trust fund (Interim Fund) established with funds contributed by certain members of the Association pursuant to Resolution No. IDA 184 (the Interim Fund Resolution) of the Board of Governors of the Association, adopted on June 26, 1996.

WHEREAS: (A) by the Interim Fund Resolution the Interim Fund has been established, constituted of the funds contributed by certain members of the Association and administered by the Association acting as Administrator of the Interim Fund, in accordance with the provisions of the Interim Fund Resolution;

(B) the Administrator has received a letter of sector policy, dated October 10, 1996, from the Borrower, describing a program of actions, objectives and policies approved by its Council of Ministers on September 25, 1996, designed to promote and strengthen its urban sector (hereinafter referred to as "the Program"), and declaring its commitment to the execution of the Program;

(C) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Administrator to assist in the financing of the Project through the provision of resources from the Interim Fund, and the Administrator has determined that such

assistance would be in accordance with the provisions of the Interim Fund Resolution;

(D) Parts B and C of the Project will be carried out by Agence d'Exécution de Travaux d'Intérêt Public pour l'Emploi (AGETIPE-MALI), Part D of the Project will be carried out by Energie du Mali (EDM), and Part E of the Project will be carried out by Agence de Cession Immobilière (ACI), all with the Borrower's assistance and, as part of such assistance, the Borrower will make available to AGETIPE-MALI, EDM, and ACI, respectively, a portion of the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Administrator has agreed, on the basis, inter alia, of the foregoing, to extend the Interim Fund Credit to the Borrower upon the terms and conditions set forth in this Agreement, in the EDM Project Agreement between the Administrator and EDM, in the ACI Project Agreement between the Administrator and ACI, and in the AGETIPE-MALI Project Agreement between the Administrator and AGETIPE-MALI, all of even date herewith;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The term "Association", wherever used in the General Conditions means the International Development Association acting as Administrator of the Interim Fund referred to in the Preamble to the Interim Fund Development Credit Agreement;

(b) The terms "Development Credit Agreement", "Credit" and "Credit Account", wherever used in the General Conditions, are amended to read "Interim Fund Development Credit Agreement", "Interim Fund Credit" and "Interim Fund Credit Account", respectively;

(c) A new paragraph, numbered 15, is added to Section 2.01 to read as follows:

"15. "Participating Country" means any country that meets the requirements set forth in Section 5 (e) of Resolution No. IDA 184 of the Board of Governors of the Association, adopted on June 26, 1996, as determined by the Administrator as of the date on which the Interim Fund Credit was approved pursuant to Section 5 (c) of said Resolution and "Participating Countries" means, collectively, all such countries";

(d) The last sentence of Section 3.02 is deleted;

(e) 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 Participating Country of the Association 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."; (f) In Sections 6.02 and 7.01 of the General Conditions, the term "Association" shall also mean the International Development Association acting in its own capacity; and

(g) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If: (a) the right of the Borrower to make withdrawals from the Interim Fund Credit Account shall have been suspended with respect to any amount of the Interim Fund 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 Interim Fund Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Interim Fund Credit, or (c) at any time the Administrator determines, with respect to any contract to be financed out of the proceeds of the Interim Fund Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Interim Fund 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 Interim Fund Credit, or (d) at any time, the Administrator determines that the procurement of any contract to be financed out of the proceeds of the Interim Fund Credit is inconsistent with the procedures set forth or referred to in the Interim Fund Development 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 Interim Fund Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Interim Fund 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 Interim Fund Credit shall be canceled."

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) "ACI" means Agence de Cessions Immobilières established and operating under its Statutes and under Ordonnance No. 92-001 P.GTSP of January 15, 1992, in accordance with the laws of the Borrower;

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

(c) "AGETIPE-MALI Framework Agreement" means the agreement to be entered into between the Borrower and AGETIPE-MALI (as hereinafter defined) pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the AGETIPE-MALI Framework Agreement;

(d) "EDM Subsidiary Financing Agreement" means the agreements to be entered into between the Borrower and EDM (as hereinafter defined) pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the EDM Subsidiary Financing Agreement;

(e) "ACI Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and ACI (as hereinafter defined) pursuant to Section 3.01 (e) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the ACI Subsidiary Loan Agreement;

(f) "FCFA" means the currency of the Borrower;

(g) "AGETIPE-MALI Project Agreement" means the agreement between the Association and AGETIPE-MALI 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 AGETIPE-MALI Project Agreement;

(h) "EDM Project Agreement" means the agreement between the Association and EDM, 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 EDM Project Agreement;

(i) "ACI Project Agreement" means the agreement between the Administrator and ACI 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 ACI Project Agreement;

(j) "Project Implementation Plan" means the plan containing inter alia schedules, monitoring indicators, timetables, and other arrangements for the purpose

of implementing the Project, adopted by the Borrower pursuant to Section 6.01 (a) of this Agreement;

(k) "Environmental Mitigation Plan" means the Borrower's plan dated September 1996 containing actions, procedures, timetables, and other arrangements designed to mitigate the Project's potential adverse impact on the environment;

(l) "Project Year" means the twelve-month period beginning from the Effective Date and ending twelve months thereafter (the First Project Year), and any twelve-month period beginning at the end of the First Project Year, or the end of subsequent Project Years;

(m) "Project Cities" means the Borrower's cities of Bamako, Gao, Kayes, Kidal, Koulikoro, Mopti, Sevaré, Segou, Sikasso, and Tombuktu;

(n) "AGETIPE-MALI Operational Manual" means the manual attached to the AGETIPE-MALI Framework Agreement, setting out, inter alia, criteria, procedures, and guidelines for the implementation of Parts B and C of the Project, as the same may be amended from time to time, and such term includes all annexes, schedules, and attachments thereto;

(o) "AGETIPE-MALI" means Agence d'Exécution de Travaux d' Intérêt Public pour l'Emploi established and operating under Record No. 0299/MATDB dated April 10, 1992, and in accordance with its Statutes and Rules, under the laws of the Borrower;

(p) "EDM" means Energie du Mali, a public corporation established and operating under Ordonnance No. 26/PGP, dated October 14, 1960, as amended on December 6, 1989, and Law No. 92.002 of August 27, 1992 of the laws of the Borrower;

(q) "Project Preparation Advance" means the project preparation advance granted by the Administrator to the Borrower pursuant to an exchange of letters dated March 25, 1996 and April 10, 1996 between the Borrower and the Administrator;

(r) "PCU" means the Project Coordinating Unit established and operating pursuant to the Borrower's May 31, 1996;

(s) "MUH" means the Borrower's Ministère de l'Urbanisme et de l'Habitat; and

(t) "Urban Infrastructure Maintenance Account" means the account referred to in Section 2.06 of the AGETIPE Project Agreement.

ARTICLE II

The Interim Fund Credit

Section 2.01. The Administrator agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Interim Fund Development Credit Agreement, an amount equivalent to fifty-five million five hundred thousand Special Drawing Rights (SDR 55,500,000).

Section 2.02. (a) The amount of the Interim Fund Credit may be withdrawn from the Interim Fund 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 works, goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Interim Fund Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in FCFA four special deposit accounts (Special Account A for PCU, Special Account B for AGETIPE-MALI, Special Account C for EDM, and Special Account D for ACI) in a commercial bank on terms and conditions satisfactory to the Administrator, including appropriate protection against setoff, 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) Promptly after the Effective Date, the Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund Credit Account and pay to itself the

amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be December 31, 2003 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 pay to the Association a commitment charge on the principal amount of the Interim Fund Credit not withdrawn from time to time at a rate to be set by the Association 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 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 Interim Fund Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or 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 payment 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 Association 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 pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Interim Fund Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Interim Fund Credit in semiannual installments payable on each March 15 and September 15 commencing March 15, 2007 and ending September 15, 2036. Each installment to and including the installment payable on September 15, 2016 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Administrator may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Interim Fund Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Interim Fund Credit as of the first semiannual payment date referred to in paragraph (a) above falling six (6) months or more after the date on which the Administrator notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Administrator may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Administrator on the principal amount of the Interim Fund Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Administrator, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Administrator may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. AGETIPE-MALI, EDM, and ACI are respectively designated as representatives of the Borrower in respect of Parts B and C, Part D, and Part E of the Project, respectively, 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:

(i) shall carry out Part A of the Project through PCU with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Part of the Project; and

(ii) without limitation or restriction upon any of its other obligations under the Interim Fund Development Credit Agreement, the Borrower shall: (A) cause AGETIPE-MALI, EDM and ACI to carry out Parts B, C, D and E of Project, respectively; (B) cause AGETIPE-MALI, EDM and ACI to perform, in accordance with the provisions of the AGETIPE-MALI Project Agreement, the EDM Project Agreement and the ACI Project Agreement, respectively, all the obligations of AGETIPE-MALI, EDM and ACI therein set forth; (C) shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable AGETIPE-MALI, EDM and ACI to perform such obligations; and (D) shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Administrator shall otherwise agree, the Borrower shall carry out Part A of the Project, and shall cause AGETIPE-MALI, EDM and ACI to carry out Parts B and C, D, and E of the Project, respectively, all in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make available, out of the proceeds of the Interim Fund Credit, the amount allocated to Categories (1) (a) and (b), (2) (b), (3) (b), (c) and (4) (b) of the table in paragraph 1 of Schedule 1 to this Agreement, to AGETIPE-MALI, on a grant basis, under an agreement to be entered into between the Borrower and AGETIPE-MALI, and under terms and conditions which shall have been approved by the Association.

(d) The Borrower shall: (i) relend the proceeds of the Interim Fund Credit allocated from time to time to Categories (1) (c) of the table in paragraph 1 of Schedule 1 to this Agreement to EDM under a subsidiary loan agreement to be entered into between the Borrower and EDM, under terms and conditions which shall have been approved by the Administrator, which shall include, inter alia: (A) an interest rate of at least 7.7% per annum, on the amount of the Subsidiary Loan withdrawn and outstanding from time to time, (B) the principal to be repaid in 25 years, including a grace period of five years, and (C) provisions requiring EDM to bear the foreign exchange risk; and (ii) make available, out of the proceeds of the Interim Fund Credit, the amount allocated to Categories (3) (d) of the table in paragraph 1 of Schedule 1 to this Agreement, to EDM, on a grant basis, under an agreement to be entered into between the Borrower and EDM, and under terms and conditions which shall

have been approved by the Administrator.

(e) The Borrower shall relend the proceeds of the Interim Fund Credit allocated from time to time to Categories (1) (d) and (3) (e) of the table in paragraph 1 of Schedule 1 to this Agreement to ACI under a subsidiary loan agreement to be entered into between the Borrower and ACI under terms and conditions which shall have been approved by the Administrator and which shall include: (i) interest payable by ACI of at least 7.7% per annum on the amount of the Subsidiary Loan withdrawn and outstanding from time to time, (ii) repayment by ACI of principal in 25 years including a grace period of five (5) years, and (iii) provisions requiring ACI to bear the foreign exchange risk.

(f) The Borrower shall exercise its rights under the AGETIPE-MALI Framework Agreement, the EDM Subsidiary Loan Agreement, and the ACI Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Administrator and to accomplish the purposes of the Interim Fund Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the AGETIPE-MALI Framework Agreement, the EDM Subsidiary Loan Agreement, or the ACI Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Administrator 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 Interim Fund Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions, and without limitations thereto, the Borrower shall:

(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 Borrower and the Administrator, a plan designed to ensure the continued achievement of the Project's objectives; and

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

Section 3.04. The Borrower and the Administrator hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 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: (a) Parts B and C of the Project shall be carried out by AGETIPE-MALI pursuant to Section 2.03 of the AGETIPE-MALI Project Agreement; (b) Part D of the Project shall be carried out by EDM pursuant to Section 2.03 of the EDM Project Agreement; and (c) Part E of the Project shall be carried out by ACI pursuant to Section 2.03 of the ACI Project Agreement.

Section 3.05. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) (i) deposit in the Urban Infrastructure Maintenance Account an initial amount equivalent to its estimated share of funds required for the maintenance of urban infrastructure in the Project Cities during the first quarter of each year, as shall be agreed upon between the Borrower and the Administrator at the beginning of each year (the Borrower's Initial Deposit); and (ii) thereafter, at quarterly intervals, deposit into the Urban Infrastructure Maintenance Account such amounts as shall be agreed upon between the Borrower and the Administrator for the maintenance of urban infrastructure in the Project Cities; and

(b) cause the local government of each of the Project Cities to: (i) deposit into the Urban Infrastructure Maintenance Account an initial amount equivalent to its estimated share of funds required for the maintenance of infrastructure located within its jurisdiction during the first quarter of each year, as shall be agreed upon between the Borrower and the Administrator at the beginning of each year (the Project Cities' Initial Deposit); and (ii) thereafter, at quarterly intervals, deposit into the Urban Infrastructure Maintenance Account such amounts as shall be agreed upon between the Borrower and the Administrator for the maintenance of urban infrastructure

located within its jurisdiction.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Part A of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for Special Account A 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 from the Interim Fund Credit Account were made on the basis of statements of expenditure, the Borrower shall:

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

(ii) retain, until at least one year after the Administrator has received the audit report for the fiscal year in which the last withdrawal from the Interim Fund Credit Account or payment out of Special Account A 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. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;

(b) AGETIPE-MALI, EDM or ACI shall have failed to perform any of their respective obligations under the AGETIPE-MALI Project Agreement, the EDM Project

Agreement, or the ACI Project Agreement, respectively;

(c) as a result of events which have occurred after the date of the Interim Fund Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that the AGETIPE-MALI, EDM or ACI will be able to perform their obligations under AGETIPE-MALI Project Agreement, the EDM Project Agreement, or the ACI Project Agreement, respectively;

(d) The Statutes or By-laws of AGETIPE-MALI shall have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect its ability to perform any of its obligations under the AGETIPE-MALI Project Agreement;

(e) Ordonnance No. 28/PGP, dated October 14, 1960, as modified on December 6, 1989; and Law No. 92-002, dated August 27, 1992 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of EDM to perform any of its obligations under the EDM Project Agreement;

(f) The Statutes of ACI and Ordonnance No. 92-001/P-CTSP shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ACI to perform any of its obligations under the ACI Project Agreement; and

(g) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of AGETIPE-MALI, EDM or ACI or the suspension of their operations.

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

(a) any event specified in paragraph (b) 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 Administrator to the Borrower; and

(b) any event specified in paragraphs (d), (e), (f) and (g) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination;
Designation of Administrator

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Interim Fund Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has adopted a Project Implementation Plan and an Environmental Mitigation Plan in form and substance satisfactory to the Administrator;

(b) the AGETIPE-MALI Framework Agreement, the EDM Subsidiary Financing Agreement, and the ACI Subsidiary Loan Agreement have been executed between the Borrower and AGETIPE-MALI, EDM, and ACI, respectively;

(c) (i) the Urban Infrastructure Maintenance Account has been opened, and (ii) the Borrower's Initial Deposit and the Project Cities' Initial Deposits referred to in Section 3.05 (a) and (b) of this Agreement have been made;

(d) the auditors referred to in Section 4.01 (b) (i) of this Agreement have been recruited in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(e) the Borrower has furnished to the Administrator evidence that accounting systems for the implementation of the Project, satisfactory to the Administrator, has been established;

(f) EDM has adopted the action plan referred to in Section 2.07. of the EDM Project Agreement; and

(g) AGETIPE has prepared standard bidding documents, acceptable to the Administrator, for contracts for works and goods to be awarded in accordance with the provision of Part B of Schedule 3 to this Agreement for the purposes of carrying out Parts B and C of the Project during the First Project Year.

Section 6.02. The following are specified as additional matters, 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:

(a) that the AGETIPE-MALI Project Agreement, the EDM Project Agreement and the ACI Project Agreement, have been duly authorized or ratified by AGETIPE-MALI, EDM and ACI, respectively, and are legally binding upon AGETIPE-MALI, EDM and ACI, respectively, in accordance with their terms; and

(b) that the AGETIPE-MALI Framework Agreement, the EDM Subsidiary Financing Agreement and the ACI Subsidiary Loan Agreement have been duly authorized or ratified by the Borrower and AGETIPE-MALI, EDM and ACI, respectively, and are legally binding upon the Borrower and AGETIPE-MALI, EDM and ACI, respectively, in accordance with their 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 Executive Directors of the Association decide to terminate the functions of the Association as administrator of the Interim Fund pursuant to Section 7 of the Interim Fund Resolution, all of the rights and obligations of the Administrator under this Agreement shall be assumed by the Association in accordance with the Interim Fund Resolution and such decision of said Executive Directors, as of a date to be notified by the Administrator to the Borrower.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Sections 2.09, 2.10 and 2.11 of this Agreement, the Minister responsible for 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 and the Administrator:

Ministry of Finance
Bamako
Republic of Mali

Telex:

2559

For the Association and 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 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized

representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MALI

By /s/ Cheick Oumar Diarra

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the interim trust fund established with
funds contributed by certain members of
International Development Association pursuant to
Resolution No. IDA 184 of the Board of Governors of
International Development Association

By /s/ Jean-Louis Sarbib

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Interim Fund Credit

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

Category	Amount of the Interim Fund Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works:		90%
(a) for Part B of the Project	21,900,000	
(b) for Part C of the Project	1,900,000	
(c) for Part D of the Project	5,200,000	
(d) for Part E of the Project	4,700,000	
(2) Equipment		100% of foreign expenditures and 90% of local expenditures
(a) for Part A of the Project	800,000	
(b) for Part B of the Project	800,000	

(3)	Consultants' Services, and Training		100%
	(a) for Part A of the Project	3,700,000	
	(b) for Part B of the Project	4,500,000	
	(c) for Part C of the Project	400,000	
	(d) for Part D of the Project	1,500,000	
	(e) for Part E of the Project	500,000	
(4)	Operating Costs		100%
	(a) PCU	500,000	
	(b) AGETIPE-MALI	1,600,000	
(5)	Refunding of Project Preparation Advance	600,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(6)	Unallocated	6,900,000	
	TOTAL	55,500,000 =====	

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 the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "operating costs" means incremental Project-related costs incurred by PCU under Part A of the Project, and AGETIPE-MALI under Parts B and C of the Project, on account of operations and maintenance of vehicle and equipment, transport, communications (phone, fax, mail), office supplies acquisition, office rent and utilities payment, and local staff salaries and allowances (excluding those for civil servants with the Borrower's civil service).

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

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

(b) expenditures under Categories (1) (d) and (3) (d), until the Administrator has received evidence satisfactory to the Administrator that the Borrower has adopted water tariffs at a level acceptable tot the Administrator.

4. The Administrator may require withdrawals from the Interim Fund Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) civil

works, under contracts not exceeding \$500,000 equivalent, (b) goods, under contracts not exceeding \$150,000 equivalent, (c) services of consulting firms, under contracts not exceeding \$100,000 equivalent, and (d) services of individual consultants, under contracts not exceeding \$50,000 equivalent, all under such terms and conditions as the Administrator shall specify to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to improve the delivery by the Borrower's local governments of basic urban services.

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

Part A: Capacity Building

1. Strengthening urban management capacities of local governments of the Project Cities, through provision of technical advisory services to:

(a) carry out studies on: (i) urban taxation system, (ii) urban land tenure legal framework, (iii) land management, and (iv) operation and management of marketplaces and transport stations;

(b) prepare detailed urban mapping, and update the Borrower's urban infrastructure inventory;

(c) assign addresses to streets and lots and collect data for taxation purposes;

(d) establish accounting systems for local governments; and

(e) strengthen the capacities of local governments in the preparation, implementation, and supervision of investment programs.

2. Acquisition of equipment for the purposes of carrying out the above Parts 1. (b), (c), (d), and (e) of the Project.

3. Strengthening MUH's urban management and monitoring capacities, through provision of technical advisory services and training, and acquisition of equipment.

4. Training of the Borrower's central and local government official and staff in legal and environmental aspects of land management and regulation, and municipal management, programming, finance, accounting, budgeting, and procurement.

5. Training of staff of local consultancy firms in construction and management techniques.

Part B: Basic Urban Infrastructure

1. Rehabilitation of urban roads and construction of new urban roads, drains, bridges, traffic signals, road signs, through provision of technical advisory services, acquisition of equipment and the carrying out of civil works.

2. Implementation of pilot programs to strengthen the sanitation, drainage, and solid-waste collection, transport, and management systems in Bamako and Mopti-Sevaré, through the carrying out of civil works, provision of technical advisory services and acquisition of equipment.

3. Improving safe water supply and street lighting in selected poor neighborhoods in Project Cities, through the carrying out of civil works, provision of technical services and acquisition of equipment.

4. Construction and rehabilitation of transport stations in Bamako and Mopti-Sevaré, through the carrying out of civil works, and provision of technical advisory

services.

Part C: Historic Sites

Restoration and preservation of the historic sites of Djingareyber, Sankoré and Sidi Yahya in Timbuktu, through the carrying of civil works, and provision of technical advisory services.

Part D: Water Supply

Extension and improvement of water transmission and distribution networks in Bamako and Mopti, through the carrying out of civil works, and provision of technical advisory services and training.

Part E: Land Development for Housing

Land development for housing in Bamako, through the carrying out of civil works, and provision of technical advisory services.

* * *

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

SCHEDULE 3

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: General

Subject to the eligibility restrictions set forth in Section III of this Schedule, goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995, and revised in January and August 1996, (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Civil works estimated to cost \$500,000 equivalent or less per contract up to \$25,670,000 equivalent or less in the aggregate, and goods estimated to cost \$150,000 equivalent or less per contract up to \$670,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

Goods estimated to cost less than 30,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Administrator of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Administrator for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Administrator, and with the provisions of said paragraph 1.

2. Prior Review

The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply with respect to each contract for: (a) civil works, estimated to cost more than the equivalent of \$500,000, (b) goods, estimated to cost more than the equivalent of \$150,000.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Subject to the eligibility restrictions set forth in Section III of this schedule, Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Association, with such modifications thereto as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Administrator review shall not apply to: (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Administrator, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

Section III. Eligibility Restrictions

1. Notwithstanding the provisions of paragraph 1.6 of the Guidelines, the proceeds of the Interim Fund Credit may only be withdrawn on account of expenditures for goods

and works provided by nationals of, and produced in or supplied from, Participating Countries; consequently, nationals of countries that are not Participating Countries and bidders offering goods and works from such countries shall be disqualified from bidding for such contracts, and the bidding documents shall so specify.

2. Notwithstanding the provisions of paragraph 1.02 of the Consultant Guidelines, only consultants from Participating Countries shall be eligible to provide services financed out the proceeds of the Interim Fund Credit.

SCHEDULE 4

Implementation Program

1. The Borrower shall: (i) implement Part A of the Project, through PCU, (ii) cause AGETIPE-MALI to implement Parts B and C of the Project, (iii) cause EDM to implement Part D of the Project, and (iv) cause ACI to implement Part E of the Project, all in accordance with the Project Implementation Plan and with the Environmental Mitigation Plan. PCU shall be responsible for the overall coordination of the implementation of the Project. MCC shall be responsible for the supervision of the implementation of Part C of the Project.

2. Before the beginning of each Project Year, for the purposes of Part B of the Project, the Borrower shall enter into a Contrat de Ville with the local government of each of the Project Cities, under terms and conditions acceptable to the Administrator.

3. The Borrower shall:

(a) maintain, or cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with performance indicators satisfactory to the Administrator, the carrying out of the Project and the achievement of the objectives thereof;

(b) furnish to the Administrator for its review and comments quarterly progress reports on the status of the Project;

(c) not later than July 15 of each year, commencing on July 15, 1997, undertake, in conjunction with the Administrator, AGETIPE-MALI, ACI, EDM and the local governments of the Project Cities, a joint annual review on all matters relating to the Project and, in particular, the progress achieved during the current fiscal year, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph;

(d) not later than one month prior to each annual review, furnish to the Administrator: (i) for its approval, a proposed annual work program, including a proposed budget and financing plan, for the forthcoming fiscal year, and (ii) for its review, a report in such detail as the Administrator shall reasonably request, on the progress of the Project during the current year; and

(e) following each annual review, act promptly and diligently in order to take, or assist ACI, EDM, and AGETIPE-MALI in taking, any corrective action deemed necessary to remedy any shortcoming identified in the implementation of the Project, or to implement, or assist ACI, EDM and AGETIPE-MALI in implementing, such measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

4. Midterm Review

(a) By the end of the third Project Year, the Borrower shall carry out jointly with the Administrator, AGETIPE-MALI, EDM, ACI, and the local governments of the Project Cities a midterm review of the progress made in carrying out the Project under terms of reference agreed with the Administrator.

(b) The Borrower shall, at least four weeks prior to the Midterm Review, furnish to the Administrator a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Borrower shall, not later than four weeks after the Midterm Review, prepare an action program, acceptable to the Administrator, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program, and assist AGETIPE-MALI, EDM and ACI in implementing such action program.

5. The Borrower shall carry out the studies on the operation and management of marketplaces referred to in Part A.1 (a) (iv) of the Project during the first Project Year, and shall take all measures necessary on its part to implement the recommendations of said studies, as shall be agreed upon between the Borrower and the Administrator, by the beginning of the second Project Year.

6. The Borrower shall: (i) carry out the studies on urban taxation referred to in Part A. 1. (a) (i) of the Project during the first Project Year, and (ii) not later than eighteen months after the Effective Date, take all measures necessary on its part to implement the recommendations of said studies, as shall be agreed upon between the Borrower and the Administrator, including, as the case may be, the imposition of new fees for urban services provided by the Borrower's local governments.

7. (a) The Borrower and the Administrator shall from time to time, at the request of either party, exchange views on the level of water tariffs in the Project Cities; and (b) unless the Administrator agree otherwise, the Borrower shall take all actions necessary on its part to allow EDM to maintain its water tariffs at all times during the implementation of the Project at a level that would at least cover its water-related operations and maintenance expenses.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of Special Account A, Categories (2) (a), (3) (a), and (4) (a), in the case of Special Account B, Categories (1) (a) (1) (b), (2) (b), and (3) (b), (3) (c) and (4) (b), in the case of Special Account C, Categories (1) (c), and (3) (d); and, in the case of Special Account D, Categories (1) (d), and (3) (e), set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit 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 each of the amounts, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of Special Account A, to CFAF 150,000,000, in the case of Special Account B, to CFAF 1,200,000,000 in the case of Special Account C, to CFAF 300,000,000, and in the case of Special Account D, to CFAF 200,000,000, provided, however, that unless the Administrator shall otherwise agree, the Authorized Allocation for:

(i) Special Account A shall be limited to an amount equivalent to CFAF 150,000,000 until the aggregate amount of withdrawals from the Credit Account 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 SDR 500,000;

(ii) Special Account B shall be limited to an amount equivalent to CFAF 800,000,000 until the aggregate amount of withdrawals from the Credit Account 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 SDR 3,000,000;

(iii) Special Account C shall be limited to an amount equivalent to CFAF 150,000,000 until the aggregate amount of withdrawals from the Credit Account 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 SDR 1,000,000; and

(iv) Special Account D shall be limited to an amount equivalent to CFAF 100,000,000 until the aggregate amount of withdrawals from the Credit Account 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 SDR 600,000.

2. Payments out of the respective Special Accounts 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 Accounts have been duly opened, withdrawals of the Authorized Allocations and subsequent withdrawals to replenish the respective Special Accounts shall be made as follows:

(a) For withdrawals of the Authorized Allocations, the Borrower shall furnish to the Administrator a request or requests for a deposit or deposits into the Special Accounts of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation for the Special Account for which the deposit is requested. On the basis of such request or requests, the Administrator shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account in question such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Accounts, the Borrower shall furnish to the Administrator requests for deposits into the respective Special Accounts 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 replenishment is requested. On the basis of each such request, the Administrator shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Accounts 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 Accounts for eligible expenditures.

All such deposits shall be withdrawn by the Administrator from the Credit 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 a 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 a 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 Credit 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 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 Account in

question;

(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 Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, less the amount of any outstanding special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the respective Authorized Allocations.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account in question 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 such Special Account as of the date of such notice will be utilized in making payments for eligible expenditures under such categories.

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 Special Account in question (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 such 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 a 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 a Special Account.

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

