

CONFORMED COPY

CREDIT NUMBER 2431 UNI

Development Credit Agreement

(Economic Management Technical Assistance Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 14, 1992

CREDIT NUMBER 2431 UNI

DEVELOPMENT CREDIT AGREEMENT

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AGREEMENT, dated December 14, 1992, between the FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association);

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out by the Borrower through the Project Executing Agencies (the PEAs);

(C) the Borrower intends to obtain from the United Nations Development Program (UNDP) a grant (the UNDP Grant) in an amount equivalent to about \$1,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement to be entered into between the UNDP and the Borrower; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "Project Executing Agencies" means FMF, OAGF, FBIR, NPC, NRMC, MOFI and UCC and such other agencies as the Borrower and the Association shall specify;

(c) "FMF" means the Federal Ministry of Finance;

(d) "OAGF" means the Office of the Accountant General of the Federation;

(e) "FBIR" means the Federal Board of Inland Revenue;

(f) "NPC" means the National Planning Commission;

(g) "NRMC" means the National Revenue Mobilization Commission;

(h) "MOFI" means the Ministry of Finance Incorporated; and

(i) "UCC" means the Utilities Charges Commission.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fourteen million seven hundred thousand Special Drawing Rights (SDR 14,700,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 1997 or such later date as the Association shall establish. The Association 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 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 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 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 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 semiannually on March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing March 1, 2003, and ending September 1, 2027. Each installment to and including the installment payable on September 1, 2012 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association 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 terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification 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 Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) 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 Association 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 United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. Each of the PEAs is hereby designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section

2.02 of this Agreement and Article V of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through the PEAs with due diligence and efficiency and in conformity with appropriate administrative, financial and economic policies and practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall provide in its budget amounts adequate to meet the Borrower's counterpart contributions to the costs of the Project, said contributions being presently estimated by the Borrower and the Association to amount over the Project period to \$6,000,000 equivalent.

(c) The Borrower shall appoint and assign to FMF the following staff with functions and qualifications satisfactory to the Association:

- (i) a Project Officer to serve as the liaison between the PEAs and the Association with respect to Project procurement and accounting procedures;
- (ii) a Procurement Specialist who shall, through procurement seminars (if necessary), assist the PEAs in: (A) the carrying out of procurement under the Project in accordance with Project guidelines and procedures; and (B) preparing tender documents and contracts;
- (iii) a Project Accountant who shall assist the Project Officer in (A) obtaining Project accounts from the PEAs, (B) arranging for the carrying out of Project audits, and (C) the administration of proceeds of the Credit to be used for the employment, as necessary, of qualified auditors to assist the PEAs in the preparation of their accounts; and
- (iv) a Senior Systems Analyst who shall assist the PEAs in the establishment of information systems under the computerization components of the Project.

(d) The Borrower shall make available to the PEAs, as grants, the proceeds of the Credit allocated to the PEAs in Schedule 1 to this Agreement.

(e) The Borrower shall, until completion of the Project, carry out jointly with the Association an annual review of the Project in October of each year with a view to assessing:

- (i) progress made by the PEAs in carrying out their components of the Project during the year immediately preceding the review including progress made in (A) carrying out (1) the training components of the Project against the targets set out in training plans satisfactory to the Association, and (2) the studies included in the Project; and (B) implementing the results and recommendations arising out of such studies;
- (ii) the work program and budgetary allocations proposed for each of the PEAs for the year immediately following;
- (iii) what changes, if any, need to be made in the

scope and contents of the Project; and

- (iv) the reallocation of proceeds of the Credit taking into account progress made by the PEAs in carrying out the Project.

(f) The Borrower shall cause each PEA to carry out the actions described in Schedule 4 to this Agreement to the satisfaction of the Association.

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

#### 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 the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six 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 Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the 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 Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association'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 Association

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:

- (i) the right of the Borrower to withdraw the proceeds of any loan, credit or grant made to the Borrower for the financing of the Project (including the UNDP Grant) shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
- (ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that: (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (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.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur subject to the proviso of paragraph (b) thereof.

#### ARTICLE VI

##### Effective Date; Termination

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

- (a) the appointment of the Project Officer, the Procurement Specialist, the Project Accountant and the Senior Systems Analyst in accordance with the provisions of Section 3.01 (c) of this Agreement; and
- (b) the preparation by FMF, and distribution to the PEAs, of a circular satisfactory to the Association setting out the operational procedures for the carrying out of the components of the Project.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

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

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

For the Borrower:

The Honourable Minister  
Federal Ministry of Finance  
P.M.B. 12591  
Ikoyi, Lagos  
Nigeria

Cable address: FEDMINFIN  
Lagos

Telex: 21248 (ITT)

For the Association:

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

Telex: INDEVAS  
Washington, D.C. 197688 (TRT)  
248423 (RCA)  
64145 (WUI) or  
82987 (FTCC)

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.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Zubari M. Kazame  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit 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 SDR Equivalent)	% of Expenditures to be Financed
(1) Equipment and vehicles:		100% of foreign expenditures and 85% of local expenditures
(a) FMF:		
(i) Part C of the Project	660,000	

	(ii) Other Parts of the Project	1,230,000	
	(b) FBIR	1,240,000	
	(c) OAGF	730,000	
	(d) NRMC	290,000	
	(e) MOFI	220,000	
	(f) UCC	80,000	
	(g) NPC	250,000	
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(2)	Consultants' services:		
	(a) Studies under Parts A, B and C of the Project		100%
	(i) FMF:		
	(A) Parts A and B of the Project	1,580,000	
	(B) Part C of the Project	2,120,000	
	(ii) NRMC	290,000	
	(iii) UCC	520,000	
	(iv) MOFI	1,100,000	
	(v) NPC	590,000	
	(b) Other items:		100%
	(i) FMF	290,000	
	(ii) FBIR	660,000	
	(iii) OAGF	220,000	
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(3)	Training:		100%
	(a) FMF:		
	(i) Part C of the Project	410,000	
	(ii) Other	500,000	



Parts  
the  
Project

(b) NRMC	120,000
(c) NPC	120,000
(d) OAGF	50,000
(e) UCC	120,000
(4) Unallocated	1,310,000
	<hr/>
TOTAL	14,700,000
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2. For the purposes of this Schedule:

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

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

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

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$1,000,000, may be made in respect of Categories (1), (2) and (3) on account of payments made before that date but after May 1, 1992; and

(b) expenditures made by a PEA unless: (i) the PEA has furnished to the Association the work program required under paragraph 1 (a) of Schedule 5 to this Agreement; and (ii) the Association is satisfied on the basis of the results of the annual review required under Section 3.01 (e) of this Agreement that the PEA is carrying out its components of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) support the Borrower's program of actions, objectives and policies designed to achieve structural reforms in the Borrower's economy (the Program); (ii) assist the Borrower and its agencies to (A) improve its public finance functions; (B) strengthen its revenue collections and expenditure control; (C) strengthen its privatization and commercialization efforts; and (D) effectively oversee the operations of its public sector enterprises (PSEs); and (ii) assist and strengthen the agencies of the Borrower involved in carrying out the Program.

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

Part A: Fiscal Management

(1) Federal Ministry of Finance (FMF)

(a) Assistance to Departments of FMF in revenue collection and expenditure controls, national accounting operations and tax

policies.

(b) A study by FMF's Office of the Budget to review the Borrower's present tariff structure and options.

(c) Training of: (i) key staff of FMF in modern budget, resources and financial management as well as debt monitoring techniques; and (ii) law officers in FMF's Legal Unit in legal aspects of financial and debt management.

(d) Employment of Project support staff and auditors satisfactory to the Association to assist in the carrying out of the Project and in the auditing of the Project accounts of the PEAs.

(e) Federal Board of Inland Revenue (FBIR)

Installation of a computerized revenue collection system for FBIR, and training of personnel of FBIR in the operation of the said system.

(f) Office of the Accountant General of the Federation (OAGF)

Expansion of the mini-computer system for revenue collection, expenditure accounting and payroll controls of OAGF.

(g) FMF's Planning, Research and Statistics Department

Installation of computer equipment for the Abuja Computer Center of FMF's Department of Research, Planning and Statistics; and expansion, and specialized training for staff, of the Abuja Computer Training Center.

(h) FMF's Multilateral Institutions Department

Training of the staff of FMF's Multilateral Institutions Department in computer use and software programs; and provision of office equipment to the said Department.

(i) FMF's External Finance Department

Training of personnel of FMF's External Finance Department in debt management techniques; and a study by the said Department of debt repayment options, and provision to the Department of equipment for facilitating its debt management program.

(j) FMF's Legal Unit

Training of the staff of FMF's Legal Unit in computer use and software programs and provision of office equipment and a vehicle to the said Unit.

(2) National Revenue Mobilization Commission (NRMC)

(a) Training of top level management staff of the NRMC in public policy and finance, fiscal policy and management service and data processing applications and techniques.

(b) Provision of: (i) computer equipment for forecasting and analyzing trends in revenue collection and establishing linkages to the information systems of FMF; and (ii) transport equipment to link NRMC's zonal offices to its central headquarters;

(c) Assisting NRMC to carry out policy studies in the design of tax systems and revenue collection techniques.

(3) National Planning Commission (NPC)

(a) Assisting NPC to carry out: (i) a study of the computerization of NPC's budgeting and monitoring system for the management of the capital expenditure budget; and (ii) other Project related studies including studies of econometric modelling, new

approaches to economic policy and development planning and an assessment of current practices of project appraisal.

(b) Training of NPC's staff in the operation of NPC's computerised budgeting and monitoring system.

(4) Administrative Staff College of Nigeria (ASCON)

Training by ASCON of State and local government personnel in fiscal management including the design of an appropriate training program and, as necessary, the training of trainers abroad in specialized areas of expertise; and support to ASCON's Documentation Center.

Part B: Privatization and Commercialization

(1) Ministry of Finance Incorporated (MOFI)

Assisting MOFI in the management of the portfolio of the PSEs including the provision to MOFI of office equipment, vehicles and supplies needed to modernize the operations of PSEs and of consultants' services;

(2) Utilities Charges Commission (UCC)

Development of UCC's work program, methodologies and procedures including: (i) the provision to UCC of computer hardware and software; and (ii) the carrying out by UCC of an electricity tariff study.

(3) PSEs

Assisting PSEs to carry out their commercialization programs including the restructuring and strengthening of their technical, financial, operational and human resource development programs.

Part C: Institutional Support

Institutional support to, and reform and strengthening of, the Borrower's agencies participating in the Program including assistance to such agencies to develop programs in the areas of public expenditure control, market-based methods of monetary control, financial management, civil service reform, poverty alleviation and gender issues.

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

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods

###### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. Items to be procured shall be bulked, where possible, to permit the optimum use of competitive bidding.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Nigeria may be granted a margin of preference in accordance with, and subject to,

the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

Goods estimated to cost less than \$100,000 equivalent per contract (up to an aggregate amount not to exceed \$2,300,000 equivalent) may be procured by local or international shopping under contracts awarded on the basis of comparison of price quotations obtained from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association; provided that in the case of international shopping the three suppliers shall be from at least two countries eligible under the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to paragraph 2 (d) of the said Appendix shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to paragraph 3 of said Appendix shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

3. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ or cause to be employed consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for

the Project and to be financed out of the proceeds of the 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 an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

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

(a) if, at any time, the Association 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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project shall equal the equivalent of twice the amount of the Authorized Allocation.

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

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

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

#### SCHEDULE 5

##### Actions referred to in Section 3.01 (f) of this Agreement

1. (a) Each PEA shall: (i) furnish the Association with a work program satisfactory to the Association setting out specific target dates for carrying out its components of the Project; and (ii) promptly carry out said components with due diligence and efficiency and in conformity with appropriate administrative and financial practices.

(b) Each PEA shall copy to the Project Officer in FMF all relevant correspondence (including correspondence with the Association) relating to the Project.

(c) Each PEA shall comply with all the provisions of the Development Credit Agreement applicable to the PEA (including those relating to procurement of goods and services under the Project and the operation of the Special Account).

(d) Each PEA shall designate, and furnish to the Association and FMF the names of the officials of the PEA responsible for carrying out the PEA's components of the Project including the names of: (i) the officer with overall responsibility for the carrying out of the said components (the PEA Officer); and (ii) the officials with the technical expertise required for the PEA's components of the Project including the supervision of consultants.

(e) Each PEA Officer shall ensure in each year of the Project that sufficient budgetary provision is made to cover in full

the estimated costs of the PEA's components of the Project for the next fiscal year.

2. Each PEA Officer shall prepare: (i) terms of reference satisfactory to the Association for the consultants to be employed under the PEA's components of the Project; and (ii) a short list of such consultants showing their skills and qualifications.

3. (a) Each PEA shall be responsible for making all important decisions relating to its components of the Project. The role of technical staff of FMF with respect to the PEAs shall be limited to supporting the PEAs in carrying out their respective components of the Project.

(b) Each PEA shall prepare and furnish to the Project Officer in FMF and the Association quarterly reports satisfactory to the Association on the progress of their components of the Project in order to ensure that: (i) funds made available to the PEAs for purposes of the Project are promptly used by the PEAs in accordance with the schedules set out in their respective work programs; and (ii) the benefits of the Project are properly and adequately secured.

4. Before undertaking training in subsequent years under the Project, each PEA shall first furnish to the Association a statement, satisfactory to the Association, showing in such detail as the Association shall reasonably require, the extent of progress made by the PEA in carrying out training under the Project in the year immediately preceding; and the PEA shall not undertake the training in subsequent years if in the Association's opinion unsatisfactory progress has been made in carrying out training in the preceding year.

