

CONFORMED COPY

LOAN NUMBER 3472 TU

(Agricultural Research Project)

between

REPUBLIC OF TURKEY

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 12, 1992

LOAN NUMBER 3472 TU

LOAN AGREEMENT

AGREEMENT, dated June 12, 1992, between REPUBLIC OF TURKEY (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an

integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of 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) "MARA" means the Borrower's Ministry of Agriculture and Rural Affairs, or any successor thereto;

(b) "MOF" means the Borrower's Ministry of Forestry, or any successor thereto;

(c) "GDAR" means MARA's General Directorate of Agricultural Research;

(d) "GDRS" means MARA's General Directorate of Rural Services;

(e) "APK" means MOF's Research, Planning and Coordination Bureau; and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of fifty-five million dollars (\$55,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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 (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in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

(b) The Borrower shall, for the purposes of the Project, open and maintain in a freely convertible currency satisfactory to the Bank a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1999, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of

Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

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 with due diligence and efficiency and in conformity with appropriate

administrative, financial, economic and agricultural and forestry research practices and in accordance with environmental standards acceptable to the Bank, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial and Other 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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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.

Section 4.02. In order to ensure the achievement of the objectives of the Project and to make full economic and productive use of the investments included in the Project, the Borrower shall:

(a) (i) prepare, under terms of reference agreed with the Bank, and furnish to the Bank, by October 31, 1994, two master plans, with indicative budgets, one for the carrying out of agricultural research and one for the carrying out of forestry research, and for the carrying out of programs for capital and operating investments and for improving research staff career structure, training and performance incentives, over the ten years period following such date, (ii) finalize said plans after taking into consideration the Bank's comments thereon, and (iii) maintain arrangements agreed with the Bank, for the updating of said plans, by December 31 of each year, and for the efficient carrying out thereof during each such year, including for ensuring annual allocations of funds therefore adequate for the carrying out thereof; and

(b) provide adequate budgetary resources each year for the proper operation and maintenance of the facilities provided under the Project.

ARTICLE V

Termination

Section 5.01. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Undersecretary of Treasury and Foreign Trade of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Basbakanlik Hazine Ve
Disticaret Mustesarligi
Inonu Bulvari
Emek/Ankara
Republic of Turkey

Cable address:

MALIYE-HAZINE

Telex:

821-42285 (MLYE-TR) or
821-42689 (ANK-TR)

Rapifax:

90-4-2128737

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (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 TURKEY

By /s/ Mahfi Egilmez
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Michael Wiehen
Acting Regional Vice President
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works	7,300,000	45%
(2) Goods	15,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local expen- ditures for other items procured locally
(3) Training	13,500,000	100%
(4) Consultants' services	6,800,000	100%
(5) Research grants	4,000,000	100%
(6) Incremental operating costs	2,600,000	50%
(7) Unallocated	5,500,000	
TOTAL	<hr/> 55,000,000	

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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;

(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; and

(c) the term "Incremental Operating Cost" means the expenditures made on account of the operation and maintenance of the vehicles and research equipment procured out of the proceeds of the Loan.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objective of the Project is to strengthen the Borrower's agricultural and forestry research services.

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

Part A:

Carrying out of programs to strengthen institutional capabilities and operations of MARA and MOF and their research institutes to facilitate improved planning, administration and coverage of agricultural and forestry research, including:

(1) development and implementation by MARA and MOF of suitable (a) research planning, budgeting and monitoring systems, and (b) staffing plans and staff career structures, staff training and performance incentives policies and procedures;

(2) provision and initial operation by MARA of new regional laboratory facilities for testing to determine pesticide and hormone residues in food products, and upgrading of existing laboratories for the conduct of such tests and for the testing and diagnosis of livestock diseases;

(3) construction, equipping and initial operation by MARA of a field crop research complex;

(4) completion of establishment and initial operation by MARA of a nationwide agricultural research information system to improve the planning and management of agricultural research; and

(5) establishment and initial operation by MARA of an agricultural economics research institute for the carrying out of economic research and training to increase the contribution of the agricultural sector in the economy.

Part B:

(1) Carrying out of priority research programs:

(a) by MARA, to develop appropriate technologies for application in the Borrower's less developed eastern and southeastern regions to increase crop production, improve livestock management and upgrade irrigation and drainage practices;

(b) by MOF, to develop appropriate technologies for application in the Borrower's less developed eastern and southeastern regions to promote the development of agroforestry and silvipastoral systems; and

(c) by MARA, to develop appropriate technologies for application throughout the Borrower's territory to improve farming systems, erosion control and soil conservation, soil fertility and integrated pest management and the systems and procedures for monitoring and reducing pesticide and hormone residues in food products.

(2) Carrying out of a program to increase the relevancy of agricultural and forestry research to farmers through the establishment and maintenance of effective linkages between MARA's and MOF's research institutes and the farming communities.

(3) Development and implementation of a program to promote agricultural and forestry research by individual researchers through the provision of research grants to such researchers for research contributing to agricultural and forestry development.

Part C:

Provision of technical assistance, staff training, including fellowship training, scientific books and journals, research facilities, housing facilities, vehicles and equipment and materials to be utilized in the carrying out of the Project.

* * *

The Project is expected to be completed by June 30, 1999.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 1 and July 1	
beginning January 1, 1998 through January 1, 2009	2,290,000
on July 1, 2009	2,330,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18

More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works 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. To the extent practicable, contracts for (a) works shall be grouped into bid packages estimated to cost the equivalent of \$150,000 or more, and (b) goods shall be grouped in bid packages estimated to cost the equivalent of \$50,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in the Republic of Turkey 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

1. Works, other than for the construction of the research complex under Part A (3) of the Project, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost the equivalent of \$75,000 or less per contract, up to an aggregate amount equivalent to \$7,500,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Contracts for scientific books and journals may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

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

(a) With respect to each contract for works and goods estimated to cost the equivalent of \$1,000,000 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 the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank 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 the Special Account, said 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 Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

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

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

Consultants' services shall be procured under contracts awarded to consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank 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 5

Implementation Program

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

(1) Overall coordination and monitoring of Project execution shall be carried out by the Borrower through a steering committee to be maintained with functions agreed with the Bank. The said committee shall be chaired by the Undersecretary of MARA and comprise representatives of MARA's and MOF's General Directorates.

(2) The Borrower shall: (a) employ or cause to be employed, by April 30, 1993, consultants, with qualifications and experience and under terms of reference agreed with the Bank, to assist in the carrying out of the Project; (b) ensure that the staff training, including fellowship training, under the Project shall be carried out in accordance with programs and criteria for the selection of candidates thereunder agreed with the Bank; and (c) ensure that the research grants and awards under Part B (3) of the Project shall be made under arrangements agreed with the Bank.

(3) In order to facilitate the achievement of the objectives of the Project, the Borrower shall prepare, through a joint committee of MARA and MOF and under terms of reference agreed with the Bank, and furnish to the Bank, by April 30, 1995 and by October 31, 1997, effectiveness assessment reports on the progress achieved in the carrying out of the Project during the period preceding the respective date of each such report and the measures recommended and the resources required to ensure the proper carrying out of the Project during the period after such date. The Borrower shall afford the Bank a reasonable opportunity to review with the Borrower the conclusions and recommendations of each such report, and, thereafter, take all such measures as, in the opinion of the Bank, shall be required to ensure efficient carrying out of the Project and the achievement of the objectives thereof.

(4) MARA's activities under the Project will be carried out through GDAR, GDRS and MARA's research institutes, and MOF's activities under the Project will be carried out through APK and MOF's research institutes. For this purpose and for the purpose of facilitating the efficient carrying out by GDAR and APK and the said

research institutes of their other operations, the Borrower shall ensure that the staff of each GDAR and APK and such research institutes shall be strengthened in accordance with a time bound staffing plan satisfactory to the Bank.

(5) In order to facilitate the efficient carrying out of the Project and the proper planning, budgeting and implementation of agricultural and forestry research, the Borrower shall:

(a) take or cause to be taken all such action as shall be necessary to acquire, by April 30, 1993, rights in respect of an additional 1,000 ha of land suitable for range and pasture trials and demonstrations, to be utilized in the carrying out of the research programs to improve livestock management under Part B (1) (a) of the Project;

(b) take all action required on its part to ensure the completion of the establishment of the agricultural economics research institute referred to in Part A (5) of the Project, by October 31, 1993;

(c) organize by April 30, 1993, and thereafter maintain a farming systems research team, at four of MARA's research institutes involved in the carrying out of the research programs for improving farming systems under Part B (1) (c) of the Project, with staff and other resources and terms of reference agreed with the Bank;

(d) maintain arrangements, agreed with the Bank, for the carrying out of agricultural research programs by MARA under Part B (1) (a) and (c) of the Project through research program working groups maintained with staff and other resources and terms of reference satisfactory to the Bank;

(e) (i) maintain a multi-disciplinary team consisting of at least two qualified research scientists and one qualified extension official to undertake, under terms of reference agreed with the Bank, a review, every two years, of the operations of each of MARA's research institutes and prepare, on the basis of such review, a report recommending the measures required to ensure the efficient discharge by such institute of its functions, and (ii) implement all such measures as are recommended in such report; and

(f) until the programs for improving research staff career structure, training and performance incentives shall have been prepared and implemented pursuant to Section 4.02 (a) of this Agreement, maintain a research staff career structure which the Bank agrees covers adequately research staff training and promotion opportunities, the minimum requirements for key staff positions and security of tenure for staff with satisfactory performance.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) 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 Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$3,000,000 to be withdrawn from the Loan Account and deposited in 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 Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

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

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

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

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

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

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

