

CONFORMED COPY

LOAN NUMBER 3431 IND

(Third Nonformal Education Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated February 5, 1992

LOAN NUMBER 3431 IND

LOAN AGREEMENT

AGREEMENT, dated February 5, 1992, between REPUBLIC OF INDONESIA (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; and

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

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) "Fiscal Year" and "FY" mean the Borrower's Fiscal Year commencing April 1 and ending March 31;

(b) "Intensive Program Area" means the subdistricts selected in accordance with paragraph 1 (a) of Schedule 5 to this Agreement;

(c) "Kejar Usaha" means income-generating learning groups;

(d) "Penilik Pendidikan Masyarakat" and the acronym "Penilik Dikmas" mean an out-of-school education subdistrict field supervisor; and

(e) "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 sixty-nine million five hundred thousand dollars (\$69,500,000), 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 dollars a special deposit account in Bank Indonesia 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 March 31, 1998, 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 March 15 and September 15 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, through the Directorate General for Out-of-School Education, Youth and Sports within the Borrower's Ministry of Education and Culture, with due diligence and efficiency and in conformity with appropriate administrative, educational and financial practices, 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 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.

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

For the Borrower:

Ministry of Finance
c/o Directorate General of Budget
Jln. Lapangan Banteng Timur 2-4
P.O. Box 139
Jakarta, Indonesia

Cable address:

FINMINISTRY
Jakara

Telex:

45799 DJMLN-IA
44319 DEPKEU-IA

For the Bank:

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

Cable address:

INTBAFRAD
Washington D.C.

Telex:

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 INDONESIA

By /s/ Abdul Rachman Ramly
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Gautam Kaji

Regional Vice President
East Asia and Pacific

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	2,000,000	50%
(2) Equipment	2,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items pro- cured locally
(3) Furniture	200,000	50%
(4) Vehicles	1,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items pro- cured locally

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(5) Instructional materials, books and manuals	9,700,000	69%
(6) Consultants' services, including resource persons, and fellowships	9,600,000	100%
(7) Local training	16,400,000	69%
(8) Tutor incentives under Parts A and B of the Project	2,200,000	69%
(9) Learning funds and scholarships under Part B of the Project	15,500,000	100%
(10) Incremental recurrent costs:		85% in FY 1993; 70% in FY 1994; 55% IN FY 1995; 40% in FY 1996; and 25% in FY 1997
(a) under Part B of the Project	4,600,000	

(b) under Part C of the Project	4,000,000
(11) Unallocated	1,700,000
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TOTAL	69,500,000
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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;

(c) the term "tutor incentives" means one time payments to tutors providing services under Parts A and B of the Project;

(d) the term "learning funds" means grants to be made available to learners under Parts B (1), B (2) and B (5) of the Project for financing: (i) consumable materials, including practice materials and writing supplies; (ii) skills training costs; and (iii) practice materials;

(e) the term "scholarships" means grants to be made available to: (i) learners to cover their tuition costs in a private Indonesian training institution, including examination fees and travel costs; and (b) to private Indonesian enterprises to cover the training costs for apprenticeships; and

(f) the term "incremental recurrent costs" means:

- (i) honoraria for Project staff and contract field workers;
- (ii) selection and recruitment costs for learners, tutors and participating organizations;
- (iii) travel and per diem allowances for field supervision;
- (iv) operation and maintenance expenses for Project-financed facilities and equipment; and
- (v) consumable materials.

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) payments made for expenditures under Categories (9) and (10) (a) of the table in paragraph 1 of this Schedule for each subdistrict under the Project, until the Bank has been furnished with evidence, satisfactory to the Bank, that such subdistrict has been allocated a Penilik Dikmas, and the required additional field workers have been recruited, trained and deployed to such subdistrict.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in its efforts to enhance the basic education and income-generating skills of the poor, and increase their productivity and employment prospects.

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: Basic Program

Provision of basic literacy training to about nine hundred thousand persons, including provision of learning materials and learning funds to learners, and training and incentives to tutors.

Part B: Intensive Program

1. Development and support of an intensive literacy training program to serve about 600,000 learners, including: (i) provision of learning materials and learning funds to learners; (ii) provision of supplementary materials and audiovisual aids; (iii) provision of teaching kits, travel allowances and incentives to tutors; and (iv) establishment of Community Reading Centers (Taman Bacaan Masyarakat).

2. Development, testing and revision of curricula, teaching and learning materials, and a delivery system for an out-of-school education alternative to lower secondary education, and provision of such program to about 17,000 learners.

3. Upgrading of the capacity of private vocational courses (Diklusemas) to provide training to unskilled young people and to increase the access of low-income persons to such training, including: (i) development of model curricula, teaching materials, manuals and examinations; and (ii) provision of scholarships to about 27,000 sponsored trainees.

4. Expansion and improvement of the apprenticeship (Magang) program, including preparation of learning plans for and provision of scholarships to about 60,000 apprentices.

5. Development and carrying out of training programs in small business management skills and provision of technical assistance to about 60,000 income-generating groups (Kejar Usaha), including preparation of group learning plans.

6. Provision of technical assistance to the Directorate of Community Education for carrying out the Intensive Program.

Part C: National Support Services

Strengthening of the Directorate of Community Education's capacity to design, manage, monitor and evaluate the activities under the Project, including: (i) improvement of the quality of pre-service and in-service staff training for out-of-school education staff, and training of trainers for staff of private vocational courses; (ii) construction, renovation, and equipment of out-of-school education support facilities, including the Directorate of Community Education's headquarters, regional learning and resource centers, and district learning and resource centers; (iii) improvement of project management and implementation systems for the Intensive Program areas; (iv) strengthening the capacity for project monitoring and evaluation; and (v) provision of technical assistance.

* * *

The Project is expected to be completed by March 31, 1997.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
September 15, 1997	1,265,000
March 15, 1998	1,315,000
September 15, 1998	1,365,000

March 15, 1999	1,420,000
September 15, 1999	1,475,000
March 15, 2000	1,530,000
September 15, 2000	1,590,000
March 15, 2001	1,655,000
September 15, 2001	1,715,000
March 15, 2002	1,785,000
September 15, 2002	1,850,000
March 15, 2003	1,925,000
September 15, 2003	2,000,000
March 15, 2004	2,075,000
September 15, 2004	2,155,000
March 15, 2005	2,240,000
September 15, 2005	2,325,000
March 15, 2006	2,415,000
September 15, 2006	2,510,000
March 15, 2007	2,605,000
September 15, 2007	2,705,000
March 15, 2008	2,810,000
September 15, 2008	2,920,000
March 15, 2009	3,030,000
September 15, 2009	3,150,000
March 15, 2010	3,270,000
September 15, 2010	3,395,000
March 15, 2011	3,530,000
September 15, 2011	3,655,000
March 15, 2012	3,810,000

* 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	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: Procurement Procedures

1. Civil works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Bank.

2. Equipment and furniture shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Bank.

3. Equipment and furniture estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount equivalent to \$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 for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), in accordance with procedures acceptable to the Bank.

4. Printing services, including distribution, shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Bank.

5. Instructional materials and books including their distribution, shall 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.

6. Vehicles shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Bank, such procedures to include the following: (i) advising bidders through the General Procurement Notice, in the specific advertisements published inviting bids for each package, and in the bidding documents, that import licenses shall be made available for foreign vehicles in a timely manner to comply with the delivery requirements set forth in the bidding documents; and (ii) issuing of import licenses for foreign vehicles to the successful bidder in a timely manner to comply with the delivery requirements set forth in the bidding documents.

Part B: Review by the Bank of Procurement Decisions

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

(a) With respect to (i) each contract for vehicles, and (ii) each contract for civil works, equipment, furniture and printing services estimated to cost the equivalent of \$200,000 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 paragraph 2 (d) of said Appendix 1 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 paragraph 3 of said Appendix 1

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 the Bank has authorized withdrawals 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

In order to assist the Borrower in carrying out Parts B and C of the Project, the Borrower shall employ 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

1. The Borrower shall carry out the Project pursuant to criteria and procedures satisfactory to the Bank, including, selection of:
(a) subdistricts and beneficiaries in the Intensive Program Area;
(b) private training institutions; (c) apprenticeship enterprises;
(d) technical assistance resource persons; and (e) civil works sites.

2. The Borrower shall provide scholarships and develop learning plans for beneficiaries under Parts B.1, B.3, B.4 and B.5 pursuant to model contracts and formats satisfactory to the Bank.

3. Prior to implementing the program for out-of-school lower secondary education under Part B.2 of the Project, the Borrower shall develop a revised program, satisfactory to the Bank.

4. The Borrower shall carry out the out-of-school education staff in-service training program in accordance with a Master Training Plan, satisfactory to the Bank, which shall include an intensive staff training program. For such purposes, on October 31 of each year, commencing on October 31, 1992, and, thereafter, until the completion of the Project, the Borrower and the Bank shall review and, if required, revise such Master Training Plan taking into account the experience gained through its implementation.

5. The Borrower shall take all such measures as shall be necessary to obtain, in a timely manner but not later than the date on which each out-of-school education support facility under Part C of the Project has been completed, the respective governmental authorizations to establish the District Learning and Resource Centers therefor.

6. The Borrower shall allocate equipment and vehicles financed out of the proceeds of the Loan pursuant to a plan satisfactory to the Bank.

7. The Borrower shall, by April 1, 1993, adopt and thereafter implement a revised system, satisfactory to the Bank, for supervision, reporting, monitoring and evaluation of the Borrower's out-of-school education programs.

8. The Borrower shall carry out, in a manner satisfactory to the Bank, an Out-of-School Education Staffing Action Plan acceptable to the Bank, and shall, not later than June 1, 1992, appoint and deploy to the Project Management Unit of the Directorate of Community Education, at least twelve additional suitably qualified and experienced staff.

9. The Borrower shall, by October 31 of each year, commencing on October 31, 1992, prepare and furnish to the Bank, for its review and comments, a proposed Project implementation plan for the following Borrower's Fiscal Year, including budgetary requirements, and thereafter, taking into account the Bank's comments, if any, carry out such Project implementation plans.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (10) 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 \$2,500,000 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; (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.

