Loan Agreement
(Nicosia Sewerage Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

SEWAGE BOARD OF NICOSIA

DATED APRIL 5, 1971
Loan Agreement
(Nicosia Sewerage Project)

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AND

SEWAGE BOARD OF NICOSIA

DATED APRIL 5, 1971
LOAN AGREEMENT

AGREEMENT, dated April 5, 1971, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SEWAGE BOARD OF NICOSIA (hereinafter called the Borrower).

WHEREAS (A) The Borrower has requested the Bank to assist in the financing of the foreign exchange cost of the Project described in Schedule 3 to this Agreement by making the Loan as hereinafter provided;

(B) The Borrower intends to contract from the Guarantor a loan in an amount equivalent to $480,000 to assist in financing the Project, on the terms and conditions set forth in an agreement to be entered into between the Guarantor and the Borrower;

(C) The Borrower, to assist in financing the Project, intends to sell in Cyprus issues of its bonds in an aggregate principal amount equivalent to $4,080,000, which issues will be underwritten and repayment of the bonds guaranteed by the Guarantor;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, 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) "The Law" means The Sewage and Drainage Law, 1971;

(b) "Government Loan Agreement" means the agreement referred to in Recital B hereof to be entered into between the Guarantor and the Borrower on terms and conditions satisfactory to the Bank, as the same may be amended from time to time;

(c) "Government Loan" means the loan to be provided by the Guarantor to the Borrower under the Government Loan Agreement; and

(d) "Sewage Bonds" means the bonds referred to in Recital C hereof to be issued by the Borrower on terms and conditions satisfactory to the Bank.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to three million five hundred thousand dollars ($3,500,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, 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 and to be financed under the Loan Agreement, and in respect of interest and other charges on the Loan; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be March 31, 1975 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.
Section 2.05. The Borrower shall pay interest at the rate of seven and one-quarter per cent (7-1/4%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Section 2.08. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 2.09. The Chairman of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

Section 3.02. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.03. In carrying out the Project, the Borrower shall employ contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.04. (a) Except as the Bank shall otherwise agree, the goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Loan shall be procured on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in August 1969, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.
(b) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(c) Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.05. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, contract documents and construction schedules for the Project, and any material modifications or amplifications thereof, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.06. The Borrower shall take, or cause to be taken, by July 31, 1971 all requisite steps for the acquisition and retention of all such lands, interests in land and properties and all rights, powers and privileges as may be necessary or proper for carrying out the Project.

Section 3.07. Except as the Bank shall otherwise agree, the Borrower shall not execute the Project within any part of the old city of Nicosia unless arrangements satisfactory to the Bank shall have been made for the rehabilitation of the water supply system in that part of the old city.

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. (a) The Borrower shall at all times manage its affairs, maintain its financial position, plan its future expansion and carry on its operations, all in accordance with sound business, financial and public utility practices and under
the supervision of experienced and competent management assisted by adequate, experienced and competent staff.

(b) The Borrower shall at all times operate and maintain its plants, equipment and property, and promptly make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

(c) The Borrower shall take all action within its power to maintain its existence and right to carry on operations and shall take all steps necessary to acquire, maintain and renew all rights, privileges and franchises which are necessary or useful in the conduct of its business.

Section 4.02. (a) The Borrower shall inform the Bank with respect to any proposed appointment to the position of Chief Engineer or Accountant/Administrator sufficiently in advance of such appointment for the Bank to have adequate opportunity to comment on it. The initial appointments to such posts shall be made not later than October 1, 1971.

(b) The Borrower shall appoint by January 1, 1972 a Sewerage Engineer for construction related activities.

(c) The Borrower shall make arrangements, satisfactory to the Bank, for the training of its staff.

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound practice.

Section 4.04. The Borrower shall not, without the prior approval of the Bank, sell, lease, transfer or otherwise dispose of any of its property or assets which shall be required for the efficient operation of its business and undertaking.

Section 4.05. The Borrower shall not, without the prior approval of the Bank, amend the Government Loan Agreement.

ARTICLE V

Financial Covenants

Section 5.01. The Borrower shall by January 1, 1972 establish an accounting system satisfactory to the Bank and thereafter maintain records adequate to reflect in accordance therewith its operations and financial condition.
Section 5.02. The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than five months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) 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 the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.03. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 5.04. The Borrower shall establish not later than December 31, 1972, and thereafter maintain, charges and assessments for sewerage services which will provide revenues sufficient to cover:

(i) All operating and administrative expenses, including taxes, if any, and adequate maintenance and provision for depreciation;

(ii) Interest and other charges on debt;

(iii) Repayment (including sinking fund payments) of debt to the extent not covered by depreciation; and

(iv) Provision for a reasonable reserve.

Section 5.05. Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, other than debt to be incurred under this Agreement, the Government Loan Agreement and the Sewage Bonds, unless its net revenues for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than
1.3 times the maximum debt service requirement for any succeeding fiscal year on all debt including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" shall mean all indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred.

(b) Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.

(c) The term "net revenues" shall mean gross revenues from sewerage charges, adjusted to take account of the Borrower's rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating and administrative expenses and provision for taxes, if any, but before provision covering depreciation and interest and other charges on debt.

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt.

(e) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Section 5.06. The Borrower shall make arrangements, satisfactory to the Bank, to provide financial assistance to property owners to cover necessary connection charges.

Section 5.07. The Borrower shall establish charges, satisfactory to the Bank, for the sale of treated waste water, taking into consideration the findings of the study made pursuant to Section 3.02 of the Guarantee Agreement.

ARTICLE VI

Consultation; Information and Inspection

Section 6.01. The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange
views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purpose of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement.

Section 6.03. The Borrower shall enable the Bank’s representatives to inspect all plants, sites, works, properties and equipment of the Borrower and any relevant records and documents.

ARTICLE VII

Taxes

Section 7.01. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 7.02. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

ARTICLE VIII

Remedies of the Bank

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be
due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding

Section 8.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) A material change shall have been made, without the prior agreement of the Bank, in The Law, any legislation or regulation governing the establishment, organization, powers and operations of the Borrower so as to affect adversely the operations or financial conditions of the Borrower or the ability of the Borrower to carry out its obligations under the Loan Agreement.

(b) Any debt of the Borrower, including the Government Loan, shall have become due and payable prior to its agreed maturity pursuant to the terms thereof.

ARTICLE IX

Effective Date; Termination

Section 9.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

(a) That the execution and delivery of the Government Loan Agreement on behalf of the Guarantor and the Borrower, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.

(b) That the Borrower has issued and sold, or made arrangements satisfactory to the Bank for the issue and sale of, the Sewage Bonds.

(c) That arrangements and procedures satisfactory to the Bank for billing and collecting of the Borrower’s charges and assessments have been established.

Section 9.02. The following are specified as additional matters, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:
(a) That the Government Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantor and the Borrower, respectively, and constitutes valid and binding obligations of the Guarantor and the Borrower in accordance with its terms.

(b) That the Sewage Bonds have been duly issued and sold and constitute valid and binding obligations of the Borrower and the Guarantor in accordance with their terms, or alternatively, that the entering into and implementation of the arrangements for the issue and sale of the Sewage Bonds have been duly authorized by all necessary corporate and governmental action and that the Sewage Bonds when issued and sold will constitute valid and binding obligations of the Borrower and the Guarantor in accordance with their terms.

Section 9.03. The date June 30, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

ARTICLE X

Addresses

Section 10.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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.

For the Borrower:

Sewage Board of Nicosia
Nicosia, Cyprus
Cable address:

Sewerboard
Nicosia

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ J. Burke Knapp

Vice President

SEWAGE BOARD OF NICOSIA

By /s/ Charalambos Christoforou

Authorized Representative
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 amounts of the Loan to each category and the percentage of eligible expenditures so to be financed in each category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Pipes, fittings and equipment</td>
<td>975,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>II. Civil works, other than installation of piping for house connections</td>
<td>1,255,000</td>
<td>35% of total expenditures (representing the estimated foreign expenditure component)</td>
</tr>
<tr>
<td>III. Consultants' services</td>
<td>168,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>IV. Interest and other charges on the Loan accrued on or before October 31, 1974</td>
<td>531,000</td>
<td>100% of total expenditures</td>
</tr>
<tr>
<td>V. Unallocated</td>
<td>571,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,500,000</td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule:

   (a) the term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any member of the Bank (other than the Guarantor) or of Switzerland;
(b) the term "local expenditures" means expenditures in the currency of the Guarantor, or for goods produced in, or services supplied from, the territories of the Guarantor; and

(c) the term "total expenditures" means the aggregate of foreign and local expenditures.

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

(a) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Category III on account of expenditures incurred after July 1, 1969 in an aggregate amount not exceeding $80,000 equivalent; and

(b) payments for taxes imposed under the laws of the Guarantor or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Loan will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category II shall increase and no proceeds of the Loan are available for reallocation to such Category,
the Bank may, by notice to the Borrower, modify the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.
### SCHEDULE 2

**Amortization Schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Payment Due</th>
<th>Payment of Principal (expressed in dollars)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 1, 1975</td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td>November 1, 1975</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>May 1, 1976</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>November 1, 1976</td>
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<td>40,000</td>
</tr>
<tr>
<td>May 1, 1977</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>November 1, 1977</td>
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<td>45,000</td>
</tr>
<tr>
<td>May 1, 1978</td>
<td></td>
<td>45,000</td>
</tr>
<tr>
<td>November 1, 1978</td>
<td></td>
<td>45,000</td>
</tr>
<tr>
<td>May 1, 1979</td>
<td></td>
<td>50,000</td>
</tr>
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<td>November 1, 1979</td>
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<td>50,000</td>
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<td>May 1, 1980</td>
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<td>November 1, 1980</td>
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<td>55,000</td>
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<td>May 1, 1981</td>
<td></td>
<td>55,000</td>
</tr>
<tr>
<td>November 1, 1981</td>
<td></td>
<td>60,000</td>
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<tr>
<td>May 1, 1982</td>
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<td>60,000</td>
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<td>November 1, 1982</td>
<td></td>
<td>65,000</td>
</tr>
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<td>May 1, 1983</td>
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<tr>
<td>November 1, 1983</td>
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<td>65,000</td>
</tr>
<tr>
<td>May 1, 1984</td>
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<td>70,000</td>
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<tr>
<td>November 1, 1984</td>
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<td>70,000</td>
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<td>May 1, 1985</td>
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<td>November 1, 1985</td>
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<td>80,000</td>
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<td>November 1, 1986</td>
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<td>85,000</td>
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<td>May 1, 1987</td>
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<td>85,000</td>
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<td>November 1, 1987</td>
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<td>90,000</td>
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<td>95,000</td>
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<tr>
<td>November 1, 1988</td>
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<td>95,000</td>
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<tr>
<td>May 1, 1989</td>
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<td>100,000</td>
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<td>November 1, 1989</td>
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<td>105,000</td>
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<td>120,000</td>
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<td>May 1, 1992</td>
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<td>125,000</td>
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<td>November 1, 1992</td>
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<td>125,000</td>
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<td>May 1, 1993</td>
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<td>130,000</td>
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<tr>
<td>November 1, 1993</td>
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<td>135,000</td>
</tr>
<tr>
<td>May 1, 1994</td>
<td></td>
<td>140,000</td>
</tr>
<tr>
<td>November 1, 1994</td>
<td></td>
<td>145,000</td>
</tr>
<tr>
<td>May 1, 1995</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>November 1, 1995</td>
<td></td>
<td>170,000</td>
</tr>
</tbody>
</table>

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.
## Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<table>
<thead>
<tr>
<th>Time of Prepayment or Redemption</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than three years before maturity</td>
<td>3/4%</td>
</tr>
<tr>
<td>More than three years but not more than six years before maturity</td>
<td>2-1/4%</td>
</tr>
<tr>
<td>More than six years but not more than twelve years before maturity</td>
<td>3%</td>
</tr>
<tr>
<td>More than twelve years but not more than seventeen years before maturity</td>
<td>4-1/2%</td>
</tr>
<tr>
<td>More than seventeen years but not more than twenty-two years before maturity</td>
<td>5-3/4%</td>
</tr>
<tr>
<td>More than twenty-two years but not more than twenty-four years before maturity</td>
<td>6-3/4%</td>
</tr>
<tr>
<td>More than twenty-four years before maturity</td>
<td>7-1/4%</td>
</tr>
</tbody>
</table>
SCHEDULE 3

Description of the Project

The Project is the first stage of a sewerage system for Greater Nicosia. The Project facilities will cover an area of about 1,060 acres and serve about 32,000 residents. The Project consists of the construction of a sewage treatment plant, and the acquisition and installation of:

- piping for house connections;
- about 16 miles of connecting sewers;
- about 50 miles of lateral and minor trunk sewers; and
- about 3 miles of main sewer connecting the collection system and the treatment site.

The Project (with the exception of the installation of piping for house connections) is expected to be completed by December 31, 1974.
SCHEDULE 4

Procurement

1. With respect to any contract including civil works estimated to cost $100,000 equivalent or more and any contract including machinery, equipment or materials estimated to cost $25,000 equivalent or more:

(a) If the Borrower determines, and the Bank agrees, that bidders are required to prequalify, the Borrower shall, before qualification is invited, inform the Bank in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Bank shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Bank for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Bank shall reasonably request.

(b) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedure to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Bank shall reasonably request. Any further modification or addition to the bidding documents shall require the Bank’s concurrence before it is issued to the prospective bidders.

(c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to whom it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report by the Borrower’s consultants on the evaluation and comparison of the bids received, together with the recommendations for award of said consultants, and the reasons for the intended award. The Bank shall promptly inform the Borrower whether it has any objection to the intended award and shall state the reasons for any objection it may have.

(d) If the contract shall be awarded over the Bank’s objection or if its terms and conditions shall, without the Bank’s concurrence, materially differ from those on which bids were asked, no expenditures thereunder shall be financed out of the proceeds of the Loan.

(e) Copy of the contract shall be furnished to the Bank promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.
2. With respect to any other contract for civil works, machinery, equipment or materials, the Borrower shall, promptly after the contract is awarded and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, furnish to the Bank copy of the contract as well as copy of the record of public opening of the bids, the bid evaluation report and recommendations for award of the Borrower's consultants and a statement of the reasons for any departure from such recommendations. The Bank shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits and, in such event, no expenditures under such contract shall be financed out of the proceeds of the Loan.