Development Credit Agreement

(Substitution)

(Satégui-Déressia Irrigation Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 28, 1985
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 28, 1985, between REPUBLIC OF CHAD (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) Pursuant to a development credit agreement (Satégui-Déressia Irrigation Project) dated June 28, 1974 between the Borrower and the Association (hereinafter called the 1974 Agreement), the Association made a development credit to the Borrower in an amount in various currencies equivalent to seven million five hundred thousand dollars ($7,500,000) to assist in the financing of the project described in Schedule 2 to the 1974 Agreement (hereinafter called the 1974 Project);

(B) By a letter dated October 14, 1975, the Association agreed to certain amendments to the 1974 Agreement, including, inter alia, an amendment of the 1974 Project;

(C) Pursuant to an Agreement Amending Development Credit Agreement (Satégui-Déressia Irrigation Project) dated October 7, 1976, between the Borrower and the Association (hereinafter called the 1976 Agreement), the parties agreed to certain further amendments of the 1974 Agreement, including, inter alia, the description of the 1974 Project, and the Association agreed to increase its financing to an aggregate amount in various currencies equivalent to fifteen million five hundred thousand dollars ($15,500,000) (hereinafter called the 1976 Credit);

(D) The 1976 Agreement was further amended by a letter agreement dated September 26, 1984 between the Borrower and the Association;

(E) Due to circumstances not anticipated at the time of the 1974 Agreement, the execution of the 1974 Project was interrupted in mid-1979;

(F) Current conditions in the territory of the Borrower warrant a resumption of activities but the 1974 Project, as amended, and the implementation arrangements therefor need to be adapted to the changed circumstances; and

(G) The Borrower has requested the United Nations Development Programme, the Food and Agriculture Organization of
the United Nations, the United Nations Development Capital Fund, and the World Food Programme to assist Office de Mise en Valeur de Satégui-Déressia in the execution of the Project described in Schedule 2 to this Agreement and said agencies are willing to provide said assistance in accordance with the terms of agreements to be entered into for that purpose;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
Substitution; General Conditions; Definitions

Section 1.01. This Development Credit Agreement is substituted for the 1974 Agreement, as amended, and the 1974 Agreement, as amended, is terminated as of the date of this Agreement; provided, however, that: (i) the principal amount of the 1976 Credit repayable to the Association as determined on the date of this Agreement shall be deemed to have been withdrawn and to be repayable pursuant to this Development Credit Agreement; and (ii) unpaid service charges due under Section 2.05 of the 1974 Agreement, as amended, as determined on the date of this Agreement shall be deemed to have accrued pursuant to this Development Credit Agreement.

Section 1.02. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

Section 1.03. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "OMVSD" means the Borrower's Office de Mise en Valeur de Satégui-Déressia, a public enterprise established under Ordonnance No. 7/PR/SGG dated February 15, 1974;

(b) "Project Area" means approximately 4,300 ha of the Satégui-Déressia plain comprised of five polders and approximately 2,700 ha of adjacent land;
(c) "CFAF" means the currency of the Borrower;

(d) "Special Account" means the account to be maintained pursuant to Section 2.02 (b) of this Agreement; and

(e) "UNDP/FAO/UNDCF/WFP Agreement" means the agreement to be entered into between the Borrower and the United Nations Development Programme, the Food and Agriculture Organization of the United Nations, the United Nations Development Capital Fund, and the World Food Programme for the purpose of the rehabilitation of the 1,500 ha irrigated by gravity under the 1974 Project that were operational in 1979.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million five hundred thousand dollars ($15,500,000).

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

(b) The Borrower shall, for the purposes of the Project, maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. Except as the Association shall otherwise agree, procurement of the goods and civil works required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.
Section 2.04. The Closing Date shall be June 30, 1987, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing June 1, 1984, and ending December 1, 2023, each installment to and including the installment payable on December 1, 1993, to be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2%) of such principal amount.

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

Section 2.09. The Directeur-Général and the Directeur Administratif et Financier of OMVSD, acting jointly, are designated as representatives of the Borrower for the purpose of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower shall cause OMVSD to carry out the Project with due diligence and efficiency and in conformity with appropriate financial, administrative, engineering and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. For the purposes of carrying out the Project, the Borrower shall make the proceeds of the Credit available to OMVSD on a grant basis.
Section 3.03. (a) The Borrower shall cause OMVSD to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against 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 OMVSD to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the purposes of the Project.

Section 3.04. (a) The Borrower shall cause OMVSD to furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall cause OMVSD: (i) to 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 Credit, and to disclose their use in the Project; (ii) to enable the Association's representatives to examine the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) to furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds, including copies of all supervision and progress reports prepared under the UNDP/FAO/UNDCF/WFP Agreement.

Section 3.05. The Borrower shall take or cause to be taken all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Section 3.06. For the purpose of carrying out by force account the civil works required under Parts A and B of the
Project, the Borrower shall cause OMVSD to make adequate arrangements, satisfactory to the Association, for the use of heavy earthmoving equipment together with labor-intensive methods.

Section 3.07. Except as the Association shall otherwise agree, the Borrower shall cause OMVSD to make available to farmers in the Project Area short and medium-term credits under standard credit agreements, the terms and conditions of which shall be acceptable to the Association.

ARTICLE IV

Other Covenants

Section 4.01. The Borrower shall cause OMVSD:

(a) to maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition, including, without limitation to the foregoing, separate accounts reflecting all expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure;

(b) to retain, until one year after the Closing Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing the expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure and to enable the Association's representatives to examine such records;

(c) to have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(d) to furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of its financial statements for such year as so audited, and (ii) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including, without limitation to the foregoing, a separate opinion by said auditors in respect of the expenditures and records referred to in paragraph (b) of this Section, as to whether the proceeds of the
Credit made available to it and withdrawn from the Credit Account on the basis of statements of expenditure have been used for the purpose for which they were provided; and

(e) to furnish to the Association such other information concerning said accounts, financial statements, records and expenditures, as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.02. The Borrower shall cause OMVSD to take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 4.03. The Borrower shall cause OMVSD to be managed at all times by a Directeur-Général appointed on a full-time basis with qualifications and experience satisfactory to the Association.

Section 4.04. The Borrower shall cause OMVSD: (i) to employ a financial consultant in order to assist OMVSD in establishing a sound financial management system, said consultant's qualifications, experience and terms and conditions of employment to be satisfactory to the Association on the basis of the “Guidelines for the Use of Consultants of World Bank Borrowers and by the World Bank as Executing Agency” published by the Bank in August 1981; (ii) to implement the financial management system recommended by said consultant, except if the Association shall agree otherwise; and (iii) to employ on a full-time basis the experts provided under the UNDP/FAO/UNDCF/WFP Agreement.

Section 4.05. At the request of the Directeur-Général of OMVSD, the Borrower shall provide OMVSD with qualified Chadian counterpart personnel to the experts referred to in Section 4.04 (iii) of this Agreement.

Section 4.06. The Borrower shall conduct a survey of health conditions in the Project Area, continue to monitor such conditions and take all appropriate measures to control sickness therein.

Section 4.07. The Borrower shall raise the farmgate prices of paddy to a level sufficient to induce farmers to grow rice and market it through OMVSD and shall raise the ex-mill prices of rice to levels sufficient to provide OMVSD with revenues adequate
to cover its operating costs and repay OMVSD's capital investments, such levels of paddy and rice prices to be acceptable to the Association and to take into account, insofar as possible, the consumers' interests.

Section 4.08. (a) Except as the Association shall otherwise agree, the Borrower shall cause OMVSD to levy and collect from farmers in the polder areas an annual charge for the maintenance of the irrigation network of 21,600 CFAF/ha. The level of such charge shall be reviewed and adjusted annually on the basis of the inflation rate during the preceding year and shall at all times be acceptable to the Association.

(b) The Borrower shall cause OMVSD to deposit the proceeds of said charges in a separate bank account and shall not transfer, nor cause OMVSD to transfer, such proceeds to the Treasury.

Section 4.09. The Borrower shall cause OMVSD to operate and maintain its equipment and property, including the roads financed under the Project, and from time to time to make the necessary renewals or repairs thereof, all in accordance with sound engineering practices.

ARTICLE V
Consultation, Information and Inspection

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial condition of OMVSD, and other matters relating to the purposes of the Credit; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.
Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the administration, operations and financial condition of OMVSD.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

ARTICLE VI

Taxes and Restrictions

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

ARTICLE VII

Remedies of the Association

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 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 Association, at its option, may by notice to the
Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon, and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

(a) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of OMVSD or for the suspension of its operation;

(b) the presidential Ordonnance establishing OMVSD and the interministerial decree setting forth the statutes of OMVSD shall have been amended, suspended, abrogated, repealed or waived in such a way as to adversely affect the performance by the Borrower of its obligations under this Agreement; and

(c) the rights of the Borrower under the UNDP/FAO/UNDCF/WFP Agreement shall have been suspended, cancelled or terminated, in whole or in part, pursuant to the terms of the UNDP/FAO/UNDCF/WFP Agreement.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely that any event specified in paragraph (a) or (b) of Section 7.02 of this Agreement shall occur.

ARTICLE VIII

Effectiveness

Section 8.01. This Agreement shall become effective upon signature by both parties.

ARTICLE IX

Representatives of the Borrower; Addresses

Section 9.01. The Minister of the Borrower at the time responsible for the Plan is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.
Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère du Plan et de la Reconstruction Nationale
N'Djamena,
Republic of Chad

Cable address:

Ministre Plan
N'Djamena

For the Association:

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

Cable address:  Telex:

INDEVAS 440098 (ITT)
Washington, D.C. 248423 (RCA) or
64145 (WUI)
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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 CHAD

By /s/ Ali Adoum
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Wilfried P. Thelwitz
Regional Vice President
Western Africa
SCHEDULE 1
Withdrawal of the Proceeds of the Credit

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil works</td>
<td>8,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Management consultants' services</td>
<td>2,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Engineering consultants' services</td>
<td>1,800,000</td>
<td>50%</td>
</tr>
<tr>
<td>(4) OMVSD salaries and operating expenses</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Special Account</td>
<td>250,000</td>
<td>Amounts to be deposited pursuant to paragraph 3 (a) of Schedule 4 to this Agreement</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>15,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. The disbursement percentages have been calculated in compliance with the policy of the Association that the proceeds of the Credit shall not be disbursed on account of payments for taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof; on this basis, if the amount of any such taxes levied on or in respect of items in any Category decreases or
increases, the Association may, by notice to the Borrower, increase or decrease the disbursement percentage then applicable to such Category as required to be consistent with the aforementioned policy of the Association.

3. Notwithstanding the allocation of an amount of the Credit or the disbursement percentages set forth in the table in paragraph 1 above, if the Association has reasonably estimated that the amount of the Credit then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Association may, by notice to the Borrower: (i) reallocate to such Category, to the extent required to meet the estimated shortfall, proceeds of the Credit which are then allocated to another Category and which in the opinion of the Association are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

4. If the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditure for such item shall be financed out of the proceeds of the Credit, and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as, in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.
SCHEDULE 2

Description of the Project

The Project is designed to improve conditions of wet season rice cultivation in the Project Area and to transform OMVSD into a commercially viable enterprise. The Project consists of the following:

Part A

Construction and rehabilitation of three polders irrigated by gravity to serve a net cultivated area of rice of approximately 1,500 ha.

Part B

Construction of approximately 70 km of feeder roads to serve the Project Area.

Part C

Provision of extension services to farmers located in the Project Area.

Part D

Construction and rehabilitation of field warehouses and of a rice mill of four tons an hour capacity at Lai, together with offices, workshop, staff housing and related facilities.

Part E

Provision of management consultants’ services to assist OMVSD in carrying out the Project, in the agricultural development of the Project Area and in its program of agricultural demonstration, experimentation and applied research.

Part F

Provision of engineering consultants’ services to help prepare final designs and to assist OMVSD in carrying out the civil works required under Parts A, B and D of the Project by force account.
Part G

With respect to the Boumo Agricultural Station:

(i) renovation and repair of the buildings;

(ii) rehabilitation of the irrigation system; and

(iii) execution of a program of applied research and seed multiplication.

* * *

The Project is expected to be completed by December 31, 1986.
SCHEDULE 3

Procurement

A. General Procedures

1. Equipment 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 April 1972 as revised in October 1972 (hereinafter called the Guidelines).

2. Civil works shall be carried out through force account by OMVSD.

   Sub-contracting, where applicable, shall be let on the basis of local shopping.

3. Items costing less than $15,000 equivalent shall be procured through local shopping, provided, however, that the aggregate of all items procured under such procedures shall not exceed $200,000 equivalent.

4. Farmers' agricultural inputs may be procured through local shopping.

B. Review of Procurement Decisions by the Association

1. With respect to all contracts for equipment or civil works subject to international or local competitive bidding and estimated to cost $50,000 or more:

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

   (b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to which it intends to
award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received and such other information as the Association shall reasonably request. The Association shall, if it determines that the intended award would be inconsistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

(c) The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked or prequalification invited.

(d) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract.

2. With respect to each contract subject to international or local competitive bidding to be financed out of the proceeds of the Credit and not governed by the preceding paragraph, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids, recommendations for award and such other information as the Association shall reasonably request. The Association shall, if it determines that the award of the contract was not consistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.
SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

   (a) the term "Category" means a category of items to be financed out of the proceeds of the Credit as 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, services and salaries required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to Categories (1) and (4) in accordance with the provisions of Schedule 1 to this Agreement; and

   (c) the term "Authorized Allocation" means an amount in CFAF equivalent to the amount allocated to Category (5) which is to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) to 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. (a) For purposes of withdrawal of the Authorized Allocation, the Association shall, on the basis of a request or requests by the Borrower and evidence satisfactory to the Association that the Special Account has been duly opened, withdraw on behalf of the Borrower from the Credit Account and deposit into the Special Account such amount or amounts of the Authorized Allocation as the Borrower shall have requested, up to the total of the Authorized Allocation.

   (b) For purposes of withdrawal of proceeds of the Credit to replenish the Special Account, the Association shall, on the basis of requests by the Borrower furnished to the Association at such intervals as the Association shall specify, withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. Except as the Association may otherwise agree, each such deposit shall be withdrawn by the Association from the Credit Account under the respective
Categories (1) and (4), and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. Prior to or at the time of each request by the Borrower for a deposit by the Association into the Special Account pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association in respect of each payment made by the Borrower out of the Special Account such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association: (a) when the Association shall have determined at any time that all further withdrawals can be made directly by the Borrower from the Credit Account in accordance with the provisions of paragraph (a) of Section 2.02 of this Agreement, or (b) unless otherwise agreed by the Association, when the total unwithdrawn amount of the Credit allocated to Categories (1) and (4), minus the amount of any qualified agreement to reimburse made by the Association and of any special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation, whichever shall be sooner. Withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to Categories (1) and (4) shall follow such procedures as the Association shall specify by notice to the Borrower and shall, except as the Association shall otherwise agree, be made only after and to the extent the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice have been or will be utilized in making payments for eligible expenditures.

6. If the Association shall have determined at any time that:

   (a) any payment out of the Special Account: (i) was made for expenditures or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association and, unless otherwise agreed by the Association, prior to any further deposit into the Special Account by the Association, deposit into
the Special Account or, if the Association shall so request, refund to the Association an amount equal to the amount of such payment or the portion thereof not so eligible or justified; or

(b) any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, and unless otherwise agreed by the Association, refund to the Association such amount then outstanding in the Special Account.
INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto the 28th day of May, 1985.

[Signature]
FOR SECRETARY