Loan Agreement

(Second Export Development Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 2, 2004
AGREEMENT, dated July 2, 2004, between REPUBLIC OF TUNISIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

(B) Part A of the Project will be carried out by the Centre de Promotion des Exportations (the “CEPEX”) with the Borrower’s assistance and, as part of such assistance, the Borrower will make available to CEPEX part of the proceeds of the Loan as provided in this Agreement;

(C) Part B of the Project will be carried out by the Compagnie Tunisienne pour l’Assurance du Commerce Extérieur (the “COTUNACE”) with the Borrower’s assistance and, as part of such assistance, the Borrower will make available to COTUNACE part of the proceeds of the Loan as provided in this Agreement;

(D) Parts C, D and E of the Project will be carried out by the Borrower as provided in this Agreement; and

WHEREAS (E) 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 and in the Project Agreement of even date herewith between the Bank and CEPEX (the “CEPEX Project 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 for Fixed-Spread Loans” of the Bank, dated September 1, 1999 (as amended through May 1, 2004) (the General Conditions) constitute an integral part of this Agreement.
Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Beneficiary” means, individually, (a) a commercial, manufacturing, artisanal or services, direct or indirect, exporting or potentially exporting enterprise, including a first time direct or indirect exporter, (b) a professional association involved in the export business or (c) an export consulting entity established and operating within the Borrower’s territory, eligible to receive a Matching Grant from CEPEX under EMAFII in accordance with the eligibility and selection criteria set forth in the EMAFII Operations Manual, and the term “Beneficiaries” means, collectively, more than one Beneficiary;

(b) “Borrower Special Account” means the account referred to in Section 2.02 (b) (ii) of, and Schedule 6 to, this Agreement;

(c) “Category” means, individually, a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and the term “Categories” means, collectively, more than one Category;

(d) “Central Bank” means the Central Bank of Tunisia (Banque Centrale de Tunisie) established and operating pursuant to the Borrower’s Law No. 58-90 dated September 19, 1958, as the same may be amended from time to time;

(e) “CEPEX” means the Borrower’s Center for Export Promotion (Centre de Promotion des Exportations), an industrial and commercial public enterprise, established and operating under the Borrower’s rules and regulations pursuant to the CEPEX Charter, and such term includes any successor thereto satisfactory to the Bank;

(f) “CEPEX Charter” means the founding charter, articles of incorporation and by-laws, or other similar instrument of CEPEX, as amended up to the date of this Agreement, issued pursuant to the Borrower’s Law No. 73-20 dated April 14, 1973, as may be amended from time to time;

(g) “CEPEX Grant Agreement” means the agreement to be entered into between the Borrower and CEPEX pursuant to Section 3.02 (a) of this Agreement and Section 2.02 (a) of the CEPEX Project Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the CEPEX Grant Agreement;

(h) “CEPEX Project Agreement” means the agreement between the Bank and CEPEX of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the CEPEX Project Agreement;
(i) “CEPEX Special Account” means the account referred to in Section 2.02 (b) (i) of, and Schedule 6 to, this Agreement;

(j) “COTUNACE” means the Borrower’s Tunisian Company for Foreign Trade Insurance (Compagnie Tunisienne pour l’Assurance du Commerce Exterieur), an industrial and commercial public enterprise, established and operating under the Borrower’s rules and regulations pursuant to the COTUNACE Charter, and such term includes any successor thereto satisfactory to the Bank;

(k) “COTUNACE Charter” means the founding charter, articles of incorporation and by-laws or other similar instrument of COTUNACE, as amended up to the date of this Agreement, registered in the commercial registry Borrower under No. 2894 on September 8, 1984;

(l) “COTUNACE Grant Agreement” means the agreement to be entered into between the Borrower and COTUNACE pursuant to Sections 3.03 (a) and 6.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the COTUNACE Grant Agreement;

(m) “DGD” means the Borrower’s General Customs Directorate (“Direction Générale des Douanes”) within MOF, and such term includes any successor thereto;

(n) “Eligible Enterprise” means, individually, an exporting or potentially exporting enterprise established and operating within the Borrower’s territory, and engaged, directly or indirectly, in export transactions, eligible and selected in accordance with the criteria set forth in the PEFGF Operations Manual, and the term “Eligible Enterprises” means, collectively, more than one Eligible Enterprise;

(o) “EMAFII” means the second Export Market Access Fund provided under Part A of the Project to be administered and operated by CEPEX pursuant to the provisions of the CEPEX Project Agreement and the EMAFII Operations Manual;

(p) “EMAFII Operations Manual” means the manual referred to in Section 6.01 (c) of this Agreement, which sets forth the administrative, financial, operational and personnel procedures, including, inter alia, criteria for providing Matching Grants to Beneficiaries, accounting, financial reporting and auditing procedures, for the administration and operation of EMAFII, and the conduct and monitoring of its activities, as such manual may be amended from time to time with the prior written agreement of the Bank;

(q) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(r) “Fiscal Year” means, individually, the twelve (12) month period corresponding to any of the Borrower’s or CEPEX’s fiscal years, which period
commences on January 1 and ends on December 31 in each calendar year, and the term “Fiscal Years” means, collectively, more than one Fiscal Year;

(s) “INORPI” means the National Institute for Standards and Industrial Property (Institut National de la Normalisation et de la Propriété Industrielle) under the Borrower’s Ministry of Industry and Energy, and such term includes any successor thereto;

(t) “LCAE” means the Borrower’s Central Laboratory for Analysis and Tests (Laboratoire central d’analyse et d’essai), and such term includes any successor thereto;

(u) “Matching Grants” means the grants to be provided under EMAFII by CEPEX to Beneficiaries in accordance with the provisions of the CEPEX Project Agreement and the EMAFII Operations Manual;

(v) “Midterm Review” means the midterm review to be carried out pursuant to paragraph 5 of Schedule 5 to this Agreement;

(w) “MOF” means the Borrower’s Ministry of Finance, and such term includes any successor thereto;

(x) “MOC” means the Borrower’s Ministry of Commerce, and such term includes any successor thereto;

(y) “PCMU” means the Project Coordination and Monitoring Unit established within MOC pursuant to MOC’s Decision No. 181 dated May 11, 2004, and such term includes any successor thereto;

(z) “PEFGF” means the Pre-shipment Export Finance Guarantee Facility provided under the Export Development Project governed by the Loan Agreement dated June 3, 1999, between the Borrower and the Bank and the Project Agreement of even date between the Bank and COTUNACE, setting forth the provisions pursuant to which said Facility is administered and operated by COTUNACE;

(aa) “PEFGF Operations Manual” means the manual adopted by COTUNACE pursuant to the provisions of the COTUNACE Project Agreement dated June 3, 1999, between the Bank and COTUNACE, setting forth the administrative, financial, operational and personnel procedures, including, inter alia, the terms and conditions for issuance of guarantees (including the modalities for determining the premiums therefore), accounting, financial reporting and auditing procedures, for the day-to-day administration and operation of the PEFGF, and the conduct and monitoring of its activities, as such Manual may be amended from time to time with the prior written agreement of the Bank;
(bb) “Procurement Plan” means the Borrower’s procurement plan included in the Project Implementation Plan, covering the initial 18 month period of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.05 to this Agreement, to cover succeeding 18 month periods of Project implementation;

(cc) “Project Implementation Plan” means the Project implementation plan referred to in Section 6.01 (d) of this Agreement, setting forth the procedures governing the administrative, procurement, disbursement, financial management, monitoring and evaluation and reporting arrangements for the Project;

(dd) “Special Accounts” means the accounts referred to in Section 2.02 (b) of, and in Schedule 6 to, this Agreement;

(ee) “Steering Committee” means the Inter-Departmental Steering Committee appointed pursuant to the MOC’s Decision No. 276; and

(ff) “Technical Committee” means the Borrower’s Trade Logistics and Facilitation Technical Committee appointed pursuant to the MOC’s Decision No. 277, and including, inter alia, the Working group on E-government responsible for ensuring the application of standard procedures for technical control.

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, an amount equal to thirty million three hundred thousand Euros (EUR 30,300,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

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: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A.2, A.3, A.4, B, C, D and E of the Project and to be financed out of the proceeds of the Loan; (ii) for amounts paid (or if the Bank shall so agree, to be paid) on account of withdrawals made in respect of Matching Grants under Part A.1 of the Project; and (iii) in respect of the fee referred to in Section 2.04 of this Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04 (c) of the General Conditions.

(b) The Borrower shall, for the purposes of the Project, open and maintain the following separate special deposit accounts in Euros in its Central Bank on terms and
conditions satisfactory to the Bank: (i) one such account for Part A of the Project (the
CEPEX Special Account); and (ii) one such account for Parts B, C, D and E of the
Project (the Borrower Special Account). Deposits into, and payments out of, the Special
Accounts shall be made in accordance with the provisions of Schedule 6 to this
Agreement.

Section 2.03. The Closing Date shall be March 31, 2010, 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 front-end fee in an amount
equal to three hundred three thousand Euros (EUR 303,000). On or promptly after the
Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan
Account and pay to itself the amount of such fee. Such fee shall be payable not later than
60 days after the Effective Date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the
principal amount of the Loan not withdrawn from time to time, at a rate equal to:
(i) eighty-five one hundredths of one percent (0.85%) per annum from the date on which
such charge commences to accrue in accordance with the provisions of Section 3.02 of
the General Conditions to but not including the fourth anniversary of such date; and
(ii) seventy-five one hundredths of one percent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the
Loan withdrawn and outstanding from time to time, in respect of each Interest Period at
the Variable Rate; provided, that upon a Conversion of all or any portion of the principal
amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on
such amount in accordance with the relevant provisions of Article IV of the General
Conditions.

Section 2.07. Interest and other charges shall be payable semiannually in arrears
on May 1 and November 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in
accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following
Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan currency of all or any portion of the
principal amount of the Loan, withdrawn or unwithdrawn, to an
Approved Currency;

(ii) a change of the interest basis applicable to all or any portion of
the principal amount of the Loan from a Variable Rate to a Fixed
Rate, of vice versa; and
(iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 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: (i) shall cause COTUNACE to carry out Part B of the Project; (ii) shall carry out Parts C, D and E of the Project through INORPI, MOC and DGD; (ii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause CEPEX to perform in accordance with the provisions of the CEPEX Project Agreement all the obligations of CEPEX therein set forth in respect of carrying out Part A of the Project; all with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, insurance, technical assistance and export and trade management practices.

(b) The Borrower shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project, and shall take or cause to be taken all action necessary or appropriate to enable CEPEX to perform its corresponding obligations under the CEPEX Project Agreement, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) Without limitation upon the provisions of paragraphs (a) and (b) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out Parts C, D and E of the Project and shall cause COTUNACE to carry out Part B of the Project, in accordance with the Implementation Program set forth in Schedule 5 to this Agreement and the Project Implementation Plan.
Section 3.02. (a) The Borrower shall, in respect of Part A of the Project, make available to CEPEX, on a non-reimbursable grant basis, the proceeds of the Loan allocated from time to time to Categories (1), (2(a)), (3(a)) and (4), under a grant agreement (the “CEPEX Grant Agreement”) to be entered into between MOF, acting on behalf of the Borrower, and CEPEX under terms and conditions which shall have been approved by the Bank.

(b) The Borrower shall exercise its rights and obligations under the CEPEX Grant Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan and achieve the objectives of the Project, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the CEPEX Grant Agreement, or any provision thereof.

Section 3.03. (a) The Borrower shall, in respect of Part B of the Project, make available to COTUNACE, on a non-reimbursable grant basis, the proceeds of the Loan allocated from time to time to Categories (2(b)) and (3(b)), under a grant agreement (the “COTUNACE Grant Agreement”) to be entered into between MOF, acting on behalf of the Borrower, and COTUNACE under terms and conditions which shall have been approved by the Bank.

(b) The Borrower shall exercise its rights and obligations under the COTUNACE Grant Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan and achieve the objectives of the Project, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the COTUNACE Grant Agreement, or any provision thereof.

Section 3.04. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part A of the Project shall be carried out by CEPEX pursuant to Section 2.08 of the CEPEX Project Agreement.

Section 3.05. (a) Except as the Bank shall otherwise agree, procurement of the goods 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, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank’s approval.
Section 3.06. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to Parts B, C, D and E of the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Borrower’s Special Account for each fiscal year audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may 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 for Parts B, C, D and E of the Project, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Loan 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 with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Borrower’s reporting obligations set out in paragraph 5 of Schedule 5 to this Agreement, the Borrower shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

(i) sets forth sources and uses of funds for Parts B, C, D and E of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;

(ii) describes physical progress in implementation of Parts B, C, D and E of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under Parts B, C, D and E of the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Bank not later than 45 days after the end of the first calendar semester after the Effective Date, and
shall cover the period from the incurrence of the first expenditure under Parts B, C, D and E of the Project through the end of such first calendar semester; thereafter, each Financial Monitoring Report shall be furnished to the Bank not later than 45 days after each subsequent calendar semester, and shall cover such calendar semester.

**ARTICLE V**

**Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) CEPEX shall have failed to perform any of its obligations under the CEPEX Project Agreement;

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that CEPEX will be able to perform its corresponding obligations under the CEPEX Project Agreement;

(c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CEPEX or COTUNACE, or for the suspension of any of their operations;

(d) Any provision of the CEPEX or the COTUNACE Charter shall have been amended, suspended, abrogated, terminated or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of CEPEX or COTUNACE , as the case may be, to carry out its respective Part of the Project; or

(e) Any provision of the EMAFII Operations Manual or the PEFGF Operations Manual shall have been amended, suspended or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of CEPEX or COTUNACE, as the case may be, to carry out its respective Part of the Project.

Section 5.02. Pursuant to Section 7.01 (k) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) consecutive days after notice thereof shall have been given by the Bank to the Borrower.

(b) Any of the events specified in paragraphs (c), (d) or (e) of Section 5.01 of this Agreement shall occur.
ARTICLE VI

Effective Date; Termination

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

(a) The CEPEX Grant Agreement has been executed on behalf of the Borrower and CEPEX and has entered into effect in accordance with its terms;

(b) The COTUNACE Grant Agreement has been executed on behalf of the Borrower and COTUNACE and has entered into effect in accordance with its terms;

(c) CEPEX has formally approved for its use and operations, and furnished to the Bank, the EMAFII Operations Manual in form and substance satisfactory to the Bank; and

(d) The Borrower has formally approved and furnished to the Bank the Project Implementation Plan, in form and substance satisfactory to the Bank.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the CEPEX Project Agreement has been duly executed and authorized by CEPEX, and is legally binding upon CEPEX in accordance with its terms;

(b) that the CEPEX Grant Agreement has been duly executed by the Borrower and CEPEX and is legally binding upon the Borrower and CEPEX in accordance with its terms; and

(c) that the COTUNACE Grant Agreement has been duly executed by the Borrower and COTUNACE and is legally binding upon the Borrower and COTUNACE in accordance with its terms.

Section 6.03. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Development and International Cooperation of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Development and International Cooperation
Place Ali Zouaoui
Tunis
Republic of Tunisia

Cable Address: MCCIIE
Telex: 18060
Facsimile: 216-71-351666
216-71-799069

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
Telex: 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)
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 TUNISIA

By /s/ Hatem Atallah

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Christiaan Poortman

Regional Vice President
Middle East and North Africa
## 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Euros)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Matching Grants under Part A of the Project</td>
<td>13,900,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% of amounts of Matching Grants Disbursed to any Beneficiary</td>
</tr>
<tr>
<td>(2)</td>
<td>Goods:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) under Parts A.2 and A.3 of the Project</td>
<td>85,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally</td>
</tr>
<tr>
<td></td>
<td>(b) under Part B of the Project</td>
<td>85,000</td>
</tr>
<tr>
<td></td>
<td>(c) under Part C of the Project</td>
<td>350,000</td>
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<tr>
<td></td>
<td>(d) under Part D of the Project</td>
<td>8,800,000</td>
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<tr>
<td></td>
<td>(e) under Part E of the Project</td>
<td>85,000</td>
</tr>
<tr>
<td>(3)</td>
<td>Consultant’s services and training</td>
<td></td>
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<tr>
<td></td>
<td>(a) under Parts A.2 and A.3 of the Project</td>
<td>3,300,000</td>
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<tr>
<td></td>
<td></td>
<td>Consultants domiciled within the territory of the Borrower and 79% for services of other consultants</td>
</tr>
<tr>
<td></td>
<td>(b) under Part B of the Project</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>(c) under Part C of the Project</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>(d) under Part D of the Project</td>
<td>1,700,000</td>
</tr>
<tr>
<td></td>
<td>(e) under Part E of the Project</td>
<td>125,000</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (Expressed in Euros)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Export Promotion under Part A.4 of the Project</td>
<td>467,000</td>
<td>80%</td>
</tr>
<tr>
<td>Front-end Fee</td>
<td>303,000</td>
<td>Amount due under Section 2.04 of this Agreement</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>30,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule:

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

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

3. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) Matching Grants costing less than $100,000 per grant; (b) goods costing less than $500,000 equivalent per contract; (c) services of individual consultants under contracts costing less than $50,000 equivalent per contract; and (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract; all under such terms and conditions as the Bank shall specify by notice to the Borrower.
SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in improving access to export markets and finance, and enhancing the efficiency and performance of export related procedures, including customs operations and technical control clearance procedures, thereby making trade logistics more efficient.

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: Second Export Market Access Fund

1. Establishing and operating the second Export Market Access Fund (EMAFII) for the provision of Matching Grants to Beneficiaries to enable them to identify and effectively penetrate viable export markets and enhance their export competitiveness.

2. Strengthening the export development capacity of intermediary entities such as export consultants, export associations, chambers of commerce or professional organizations involved in the export business, through the provision of technical assistance to such intermediary entities.

3. Establishment, within CEPEX, of an autonomous management team in charge of managing EMAFII and providing export business support services to Beneficiaries in accordance with the EMAFII Manual, through the provision of goods, technical assistance and training.

4. Support for the carrying out of targeted export promotion programs such as buyers/vendors meetings.

Part B: Pre-shipment Export Finance Guarantee

Strengthening the management of the PEFGF with the support of international and local experts.

Part C: Technical Barriers to Trade (“TBT”) Inquiry Points

Strengthening the capacity of INORPI for collection, analysis and dissemination of standards information through the provision of goods, technical assistance and training.
Part D: Trade Logistics

1. Enhancing and streamlining the Borrower’s technical control procedures and integrating them into the TunisieTradeNet network, through the provision of goods, consultant’s services and training, including:

   (a) the automation of workflow and decision making processes of the Borrower’s technical control agencies and the LCAE, and the establishment of their interface with the TunisieTradeNet network;

   (b) the implementation of an integrated risk-management system at the level of each of the Borrower’s technical control agency; and

   (c) the establishment and operation of a digital database consolidating all mandatory technical control regulations covering goods in the Borrower’s territory.

2. Streamlining and improving the effectiveness of the Borrower’s customs procedures through the provision of goods, technical assistance and training, including:

   (a) the introduction of risk analysis and management and selectivity techniques in customs procedures, including the establishment of a risk management information system aiming at streamlining and integrating customs and technical control inspections;

   (b) the introduction of deferred control and post event audit techniques within the customs; and

   (c) the improvement of the management information system of the customs.

3. Developing trade logistics performance indicators through the carrying out of an assessment and a data collection program on supply chain barriers with respect to transport and non-transport trade and logistics.

Part D: Project Management

Strengthening the capacity of PCMU in Project management through the provision of technical assistance and goods.

* * *

The Project is expected to be completed by September 30, 2009.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Installment Share (Expressed as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 1, 2005</td>
<td>0.0%</td>
</tr>
<tr>
<td>November 1, 2005</td>
<td>0.0%</td>
</tr>
<tr>
<td>May 1, 2006</td>
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</tr>
<tr>
<td>November 1, 2006</td>
<td>0.0%</td>
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<tr>
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<tr>
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<tr>
<td>May 1, 2008</td>
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<tr>
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<tr>
<td>May 1, 2009</td>
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</tr>
<tr>
<td>November 1, 2010</td>
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<tr>
<td>May 1, 2011</td>
<td>0.0%</td>
</tr>
<tr>
<td>November 1, 2011</td>
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<tr>
<td>May 1, 2012</td>
<td>0.0%</td>
</tr>
<tr>
<td>November 1, 2012</td>
<td>0.0%</td>
</tr>
<tr>
<td>May 1, 2013</td>
<td>10%</td>
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<tr>
<td>November 1, 2013</td>
<td>10%</td>
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<tr>
<td>May 1, 2014</td>
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<td>November 1, 2014</td>
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<td>November 1, 2015</td>
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<td>November 1, 2018</td>
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<tr>
<td>Payment Date</td>
<td>Installment Share (Expressed as a %)</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------------</td>
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</tr>
<tr>
<td>November 1, 2020</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and

   (b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

   (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that
reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
SCHEDULE 4

Procurement

Section I. General

A. All goods and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

B. Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than $500,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the provisions of paragraphs 3.3. and 3.4 of the Guidelines and the following additional provisions.

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, the following criteria shall be followed in procurement under National Competitive Bidding procedures:

   (i) Bids are advertised in national newspapers with wide circulation.
(ii) The bid document clearly explains the bid evaluation, award criteria and bidder qualification criteria.

(iii) Bidders are given adequate response time to prepare and submit bids (four weeks minimum).

(iv) Bids may be submitted, at the bidders option, in person or by courier service, and the disclosure of their identity on the outer envelope is not grounds for bid rejection.

(v) Technical and financial bids are publicly and simultaneously opened.

(vi) Bids shall be evaluated on price and any other criteria disclosed in the bid documents and quantified in monetary terms and contracts are awarded to the qualified bidder with the lowest evaluated responsive bid.

(vii) No eligible bidder is precluded from participation.

(viii) No domestic preference is applicable to domestic bids.

(ix) No foreign bidder is forced to submit a bid in association with domestic firms as a condition for bidding.

(x) Prior to issuing the first call for bids, a draft standard bidding document to be used under National Competitive Bidding procurement must be submitted to, and found acceptable, by the Bank.

3. **Shopping**

Goods estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

**Section III. Particular Methods of Procurement of Consultants’ Services**

**A. Quality- and Cost-based Selection**

Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $200,000 equivalent per contract may comprise entirely national consultants.
B. **Other Procedures**

1. **Selection Based on Consultants’ Qualifications**

   Services estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

2. **Single Source Selection**

   Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

3. **Commercial Practices**

   Services estimated to cost less than $50,000 equivalent per contract and to be financed under Matching Grants made for subprojects under Part A.1 of the Project may be procured in accordance with commercial practices set forth in the EMAFIH Operations Manual.

4. **Individual Consultants**

   Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

**Section IV. Review by the Bank of Procurement Decisions**

(a) Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts and specified matters shall be subject to Prior Review by the Bank:

   (i) each contract for goods and services (other than consultants’ services) estimated to cost the equivalent of $200,000 or more;

   (ii) the first two contracts for goods and services (other consultants’ services) procured on the basis of National Competitive Bidding;

   (iii) the draft bidding documents for goods to be procured by National Competitive Bidding;
(iv) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more;

(v) the first two consultants’ contracts to be procured by selection based on Consultants Qualifications;

(vi) each contract for consultants’ services provided by individual consultants estimated to cost the equivalent of $50,000 or more;

(vii) all single source selection of consultants; and

(viii) amendments to contracts raising the contract value above the prior review threshold.

(b) All other contracts shall be subject to Post Review by the Bank.
SCHEDULE 5

Implementation Program

Without any limitation or restriction upon any other provision of this Agreement and for the purposes of Section 3.01 (c) of this Agreement, the Implementation Program for Parts B, C, D and E of the Project shall consist of the following provisions:

1. Responsibility for general policy guidance and overall coordination of the carrying out of the Project shall be vested in the Steering Committee, to be chaired by the Minister of Commerce or his representative and maintained by the Borrower throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank.

2. Responsibility for overall supervision of the carrying out of Parts B, C, D and E of the Project shall be vested in PCMU, to be maintained by the Borrower throughout the duration of the Project with terms of reference at all times satisfactory to the Bank. PCMU shall be headed by a Project coordinator and shall ensure that the administrative, procurement, disbursement, financial management, monitoring and evaluation and reporting arrangements are carried out in accordance with the Project Implementation Plan.

3. The Borrower shall: (a) cause COTUNACE to carry out Part B of the Project; (b) execute Part C of the Project through INORPI; (c) shall execute Part D of the Project through MOC and DGD; and (d) execute Part E of the Project through MOC.

4. Responsibility for the supervision and coordination of the carrying out of Part D of the Project shall be vested in the Technical Committee, including the Working group for E-government, to be maintained by the Borrower throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank.

5. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the carrying out of the Project and the achievement of the objectives of the Project;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 2007, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
(c) review with the Bank, by December 31, 2007, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.
SCHEDULE 6

Special Accounts

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2 (a)), (3 (a)) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of part A of the Project and Categories (2 (b), (c), (d) and (e) and (3 (b), (c), (d) and (e)) set forth in said table in respect of Parts B, C, D and E of the Project;

(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 the amount equivalent EUR 2,000,000 in respect of the CEPEX Special Account for Part A of the Project and an amount equivalent to EUR 2,000,000 in respect of the Borrower Special Account for Parts B, C, D and E of the Project to be withdrawn from the Loan Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 deposit into the Special Account of an amount or amounts 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 into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Bank requests for deposits into the respective 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 respective 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 respective 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 respective 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 any 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;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for the respective Special Accounts minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions 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 respective 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 any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the respective 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 any 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 any 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 Accounts.

(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.