Algeria - Emergency Desert Locust Control Project

Project ID: P034140
Credit/Loan/Guarantee No.: L3690
Borrower: DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA
Other Party:
Effective Date: 07/06/1994
Closing Date: 06/30/1996
Sector: AY - Agriculture/Other-Agriculture
Lending Instrument: SIL - Specific Investment Loan
Program Objective: EN - Environment
Environment Rating: T - To Be Determined
UN Registration No.: 31128

Loan Agreement

CONFORMED COPY

LOAN NUMBER 3690 AL

Loan Agreement

(Emergency Desert Locust Control Project)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

http://lnweb23.worldbank.org/legal/legalagr.nsf/3e9006b5ce41228b852564990066be64/b... 12/27/2005
Dated January 27, 1994

LOAN AGREEMENT

AGREEMENT, dated January 27, 1994, between DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

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

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ANN" means the National Agency for the Conservation of Nature of the Borrower (Agence Nationale de la Conservation de la Nature), a public authority established and operating pursuant to Executive Decree No. 91-33 of the Borrower, dated February 9, 1991, as the same may be amended from time to time;

(b) "ANPE" means the National Agency for the Protection of the Environment of the Borrower (Agence Nationale de la Protection de l'Environnement), a public authority established and operating pursuant to Executive Decree No. 83-457 of the Borrower, dated July 23, 1983, as the same may be amended from time to time;

(c) "Banque d'Algerie", means Bank of Algeria, the central bank of the Borrower,
established and operating pursuant to Law No. 90-10 of the Borrower, dated April 14, 1990, as the same may be amended from time to time;

(d) "ICLC" means the Inter-ministerial Committee on Locust Control of the Borrower established pursuant to Executive Decree No. 67-177 of the Borrower, dated August 31, 1967, as the same may be amended from time to time;

(e) "INPV" means the National Institute for the Protection of Crops of the Borrower (Institut National de la Protection des Vegetaux), a public authority established and operating under the supervisory authority of the Ministry of Agriculture of the Borrower, pursuant to Executive Decree No. 93-139 of the Borrower, dated June 14, 1993, as the same may be amended from time to time;

(f) "ONM" means the National Meteorological Office of the Borrower (Office National de Meteorologie), established and operating under the supervisory authority of the Ministry of Transport of the Borrower pursuant to Legislative Decree No. 75-25 of the Borrower, dated April 29, 1975, as the same may be amended from time to time;

(g) "IPCC" means the Central Command Post (Poste de Commandement Central) within INPV;

(h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(i) "Wilaya" means an administrative division of the Borrower organized pursuant to the Borrower's Wilaya Law (Loi Relative a la Wilaya) No. 90-09, dated April 7, 1990, as the same may be amended from time to time.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of thirty million dollars ($30,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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

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

Section 2.03. The Closing Date shall be June 30, 1996, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

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

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest
Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

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

(c) For the purposes of this Section:

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

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

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

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

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

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

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

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with
appropriate administrative, financial, technical and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. For purposes of carrying out Part A.1 of the Project, the Borrower shall ensure that the following health and environmental safeguards are observed:

(a) only pesticides approved by the Bank, from among the list of pesticides for locust control which meet the present standards established by the Food and Agriculture Organization and the World Health Organization, shall be used on the Borrower's territory; (b) persons handling pesticides shall be provided with protective clothing and equipment, including health kits, and shall be adequately qualified and trained to handle pesticides; (c) adequate advance notice shall be given to the local population in the areas to be sprayed with pesticides; (d) the labelling, packaging and storage of pesticide containers, and the disposal of pesticides and pesticide containers, shall be carried out in accordance with the internationally accepted general standards provided for under the International Code of Conduct on the Distribution and Use of Pesticides published by the Food and Agriculture Organization; and (e) suitable pesticide effluent disposal mechanisms shall be made available to prevent environmental pollution and pesticide leakage into groundwater, including leakage resulting from the rinsing of pesticide containers.

Section 3.03. 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.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:
(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Economy of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy
Zighout Yousef Palace
Algiers
Democratic and Popular Republic of Algeria

Cable address: Telex:

FINPLAN 67073
Algiers

For the Bank:

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

Cable address: Telex:

INTBAFRAD 248423 (RCA)
Washington, D.C. 82987 (FTCC)
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.

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ Nourredine Y. Zerhouni

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Anil Sood

Acting 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>Amount of the Loan Allocated</th>
<th>% of Foreign and Local Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Pesticides 12,500,000</td>
<td>100% of foreign under Part A.2</td>
</tr>
<tr>
<td></td>
<td>of the 100% of local Project</td>
</tr>
<tr>
<td></td>
<td>expenditures (ex-factory cost)</td>
</tr>
<tr>
<td></td>
<td>and 50% of local expenditures</td>
</tr>
<tr>
<td></td>
<td>for other items procured locally</td>
</tr>
<tr>
<td>(2) Commercial 12,150,000</td>
<td>100% of foreign aircraft</td>
</tr>
<tr>
<td></td>
<td>expenditures and services 70% of</td>
</tr>
<tr>
<td></td>
<td>local expenditures</td>
</tr>
<tr>
<td>(3) Vehicles 3,000,000</td>
<td>100% of foreign and spare</td>
</tr>
<tr>
<td></td>
<td>expenditures</td>
</tr>
</tbody>
</table>

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parts

(4) Equipment 700,000 100% of foreign and expenditures, materials 100% of local expenditures (ex-factory cost) and 60% of local expenditures for other items procured locally

(5) Consultants' 150,000 100% services and training

(6) Unallocated 1,500,000

TOTAL 30,000,000

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

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for such expenditures and 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, which has been designed in anticipation of a large locust invasion in February/March 1994, are to: (i) provide urgent assistance in support of the Borrower's locust control program; and (ii) reinforce the existing surveillance and warning systems of the Borrower to better anticipate locust activity and movement and facilitate the planning and implementation of future locust control programs.

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: Locust Control Campaigns

1. Carrying out three locust control campaigns over the period February/March 1994 to January 1995, including the aerial and ground spraying of approximately one million five hundred thousand (1,500,000) hectares of infested areas in the
territory of the Borrower.

2. Provision of about one million five hundred thousand (1,500,000) liters of pesticides required for the campaigns referred to under Part A.1 above.

Part B: Strengthening the Borrower's Locust Control Capabilities

Provision to INPV of three (3) fork lifts, about eighty (80) manual pumps, about one hundred (100) atomizers, laboratory equipment to analyze pesticides, health kits, and spare parts for INPV's existing stock of vehicles and for the aforementioned atomizers.

Part C: Reinforcement of Surveillance and Warning Systems

Provision to INPV of about fifty (50) four-wheel drive vehicles, spare parts for said vehicles, small meteorological equipment and mobile telecommunications equipment, including air to ground receivers and about ten (10) hand-held global positioning systems.

Part D: Technical Assistance

Provision of materials and short-term consultants' services to strengthen the capabilities of INPV in handling, application and storage of pesticides, and disposal of pesticides and pesticide containers.

Part E: Training

Training of the personnel of INPV in locust prospection, pesticide handling, phytopharmacy and pesticide-related environmental protection.

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Amortization Schedule

Payment of Principal
Date Payment Due (expressed in dollars)*

On each February 1 and August 1

beginning August 1, 1999
through August 1, 2010 1,250,000

and on February 1, 2011 1,250,000
SCHEDULE 3

Amortization Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Payment of Principal (expressed in dollars)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1</td>
<td></td>
</tr>
<tr>
<td>beginning August 1, 1999 through August 1, 2010</td>
<td>1,250,000</td>
</tr>
<tr>
<td>and on February 1, 2011</td>
<td>1,250,000</td>
</tr>
</tbody>
</table>

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.
Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

<table>
<thead>
<tr>
<th>Time of Prepayment</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than three years before maturity</td>
<td>0.18</td>
</tr>
<tr>
<td>More than three years but not more than six years before maturity</td>
<td>0.35</td>
</tr>
<tr>
<td>More than six years but not more than 11 years before maturity</td>
<td>0.65</td>
</tr>
<tr>
<td>More than 11 years but not more than 15 years before maturity</td>
<td>0.88</td>
</tr>
<tr>
<td>More than 15 years before maturity</td>
<td>1.00</td>
</tr>
</tbody>
</table>

The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
bidding procedures on the basis of evaluation and comparison of bids obtained from at least three qualified suppliers eligible under the Guidelines and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Items or groups of items of vehicles and equipment estimated to cost the equivalent of $100,000 or less per contract, up to an aggregate amount equivalent to $500,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least two different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

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

   (a) With respect to each contract for pesticides and each contract for commercial aircraft services, and each contract for vehicles and equipment estimated to cost the equivalent of $100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

   (b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

   (c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.
2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out Parts D and E of the Project, the Borrower shall employ consultants: (i) whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank; and (ii) who shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form contract for consultants' services issued by the Bank, with such modifications as shall have agreed with the Bank. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Bank.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than $100,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts or to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank or to amendments of contracts raising the contract value to $100,000 equivalent or above.
SCHEDULE 5

Implementation Program

1. The Borrower shall ensure that INPV shall at all times be responsible for the implementation of the Project and the monitoring of the activities to be carried out thereunder.

2. Without prejudice to the provisions of Section 9.07 of the General Conditions, the Borrower shall cause INPV, not later than March 31 and September 30 of every year, commencing September 30, 1994, until completion of the Project, to prepare and furnish to the Bank a report, of such scope and in such detail as shall be satisfactory to the Bank, describing progress achieved in the carrying out of the Project.

3. The Borrower shall cause PCC to assist INPV in the carrying out of Part A.1 of the Project. PCC shall be responsible for formulating a locust control strategy, in connection with the impending locust invasion, and supervising the coordination of locust control operations. PCC shall consist of three (3) units, each of which headed by a staff member of INPV temporarily assigned to PCC for purposes of assisting in carrying out Part A.1 of the Project. The first unit shall be responsible for technical matters, the second unit for logistical support and the third unit for management and finance.

4. In order to achieve the objectives of Part A.1 of the Project, the Borrower shall cause (i) command posts in Wilayas which are likely to be invaded by locust to assist INPV and PCC in the carrying out of Part A.1 of the Project; (ii) ONM to provide up-to-date weather forecasts and analyses; (iii) ANPE to monitor the impact of the use of pesticides on the environment and prevent pesticide-related environmental pollution; (iv) ANN to take all measures necessary on its part to protect the natural habitat and wildlife in national parks to be sprayed by pesticides; and (v) the toxicology center within the medical university center of Bab-El-Oued to monitor the health condition of field operators engaged in the carrying out of Part A.1 of the Project.
SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3), (4) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to $3,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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