

CONFORMED COPY

LOAN NUMBER 3026 MOR

(Rural Primary Education Project)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 21, 1989

LOAN NUMBER 3026 MOR

LOAN AGREEMENT

AGREEMENT, dated July 21, 1989, between KINGDOM OF MOROCCO (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, has requested the Bank to assist in the financing of the Project; and

(B) the Borrower intends to contract from another external source of funds (the Cofinancier) a loan (the Cofinance) in an amount equivalent to \$40,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Cofinancing Agreement) to be entered into between the Borrower and the Cofinancier; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and

conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (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) "MOE" means the Borrower's Ministry of Education;
- (b) "DSHAP" means the Department of School Hygiene and Accident Prevention within MOE responsible for school hygiene;
- (c) "TTI" means the teacher training institutions of the Borrower;
- (d) "primary education" means the first six years of education provided by the Borrower;
- (e) "primary school" means a school of the Borrower which provides primary education to its students;
- (f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and
- (g) "Dirhams" and "DH" each mean the currency of the Borrower.

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 in various currencies equivalent to eighty-three million dollars (\$83,000,000).

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 Dirhams a special account in the General Treasury of the Kingdom within the Borrower's Ministry of Finance 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 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995 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 per cent (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 per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of 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 for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on February 15 and August 15 in each year.

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

ARTICLE III

Execution of the Project

Section 3.01. 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, economic, financial, engineering and educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. Without limitation on the generality of Section 3.01 of this Agreement, the Borrower shall:

(a) take all measures necessary to ensure that the feasibility study on the system for the provision of eyeglasses to students under Part D (3) of the Project shall be completed and a copy thereof, together with the recommendations based thereon, shall be furnished to the Bank not later than September 30, 1990;

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said study and recommendations; and

(c) thereafter, if and to the extent the Borrower and the Bank shall have agreed, on the basis of said study, that the development of said system is warranted, promptly develop and introduce the same.

ARTICLE IV

Other 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 and 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 six 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 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

Remedies of the Bank

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

(a) The Cofinancing Agreement shall have failed to become effective by June 30, 1990, or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(b) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Borrower to withdraw the proceeds of the Cofinance or any other loan or any grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the Cofinancing Agreement or other agreement providing therefor; or
- (B) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

ARTICLE VI

Termination

Section 6.01. 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 VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministere des Finances
Rabat
Kingdom of Morocco

Cable address:

MINISTERE FINANCES

Telex:

32715 M

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT),
248423 (RCA) or
64145 (WUI)

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 city of Rabat, Kingdom of Morocco, as of the day and year first above written.

KINGDOM OF MOROCCO

By /s/ M. Berrada

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ B. Conable

President

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	of % to be Financed
(1) Civil works	48,800,000	80%
(2) Goods	23,800,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local ex- penditures for other items pro- cured locally
(3) Consultants' services, fellowships and training	4,000,000	100%
(4) Unallocated	6,400,000	
TOTAL	<hr/> 83,000,000	

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 of this Schedule, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to (1) increase the access of the Borrower's rural population to primary education and improve the attendance of said population in primary school, (2) improve the quality of primary education, (3) strengthen institutional capabilities in the Borrower's primary education sub-sector and (4) strengthen the efficient and rational utilization of resources in such sub-sector.

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:

- (1) Construction, furnishing and equipping of classrooms, canteens and staff houses required for primary schools.
- (2) Furnishing of offices for primary school administrators.
- (3) Carrying out of (a) a pilot program for the construction of sanitary facilities and wells required for primary schools and (b) a study, based on the results of such pilot program, of the suitability of expanding the same to other rural areas.
- (4) Provision of vehicles required for the supervision of the carrying out of Parts A (1), A (2) and A (3) of the Project.
- (5) Carrying out of a program to promote the participation of rural communities in the construction and maintenance of primary school facilities.

Part B:

- (1) Development and introduction of a suitable self-sustaining system for the acquisition and distribution by primary school cooperatives of textbooks to primary students at affordable prices, including the provision to said cooperatives of an initial supply of textbooks.
- (2) Carrying out of a program to promote the development of school cooperatives and parent-teacher associations, consisting of the preparation and dissemination of promotional materials and organization of conferences and seminars for interested parents.
- (3) Preparation and dissemination, through field visits to the rural communities in which classrooms are to be constructed under Part A of the Project, of promotional materials to encourage increased enrollment of, and attendance by, girls in primary schools.
- (4) Carrying out of a program to assist rural communities in the development and introduction of suitable programs to encourage increased enrollment of, and attendance by, girls in primary schools.

Part C:

- (1) Carrying out of a program to strengthen the capabilities of MOE in primary education curriculum development including the provision of fellowships for MOE staff.
- (2) Development and introduction of suitable primary education

programs, including multi-grade teaching techniques.

(3) Development and introduction of a standardized achievement testing program, including the provision of equipment and materials required therefor.

(4) Carrying out of a program to develop and apply appropriate policies and procedures for the recruitment and assignment of administrative and teaching staff to primary schools.

(5) Carrying out of a program to strengthen the training services provided by TTIs, consisting of the development and carrying out of:

(a) pre-service training programs for primary school teachers, including practice teaching in rural primary schools, instruction in multi-grade teaching techniques and in effective teaching strategies, and provision of training materials and equipment to be utilized in said programs;

(b) in-service training seminars for primary school teachers and provision of instructional equipment, materials and vehicles required therefor;

(c) a multi-grade instruction program, including the provision of (i) study tours for MOE staff, (ii) training to teachers and supervisors of multi-grade classes, and equipment and materials to be utilized in such training, and (iii) educational materials to be utilized in teaching multi-grade classes; and

(d) training programs to enhance the skills of primary school principals in school administration, including the provision of fellowships and training materials required for said program.

Part D:

(1) Strengthening of the institutional capabilities of the Borrower relating to the provision of health education to students in primary school, through the:

(a) development and introduction in primary schools of a health education program, including the provision of (i) training and fellowships to MOE staff and teachers in health education and (ii) equipment and materials to be utilized in health education courses; and

(b) development and utilization by DSHAP of a management information system.

(2) Strengthening of the provision of health services in primary schools through the provision of technical equipment and motorcycles to be utilized by nursing staff assigned to rural primary schools in the performance of their duties.

(3) (a) Carrying out of a study to analyze the feasibility of developing a suitable system for the provision, at affordable prices, of prescription eye glasses to primary school students requiring corrective lenses.

(b) Development and introduction, if and to the extent the Bank agrees such development is warranted on the basis of the study carried out under Part D (3) (a) of the Project, of the system analyzed under said study, including the provision of equipment and materials required therefor.

Part E:

(1) Development and utilization by MOE of a suitable school mapping information system, including the provision of computer hardware and software required therefor, the development and carrying out of training programs for MOE staff to strengthen

their skills in the utilization of said system, and the provision of fellowships for said staff.

(2) Carrying out of a program to strengthen the capabilities of MOE in the evaluation of educational programs, consisting of the provision of fellowships for MOE staff and the carrying out of studies to evaluate the effects of the provision of textbooks and teacher training and supervision on the educational achievement of primary school students.

Part F:

(1) Carrying out of a program to develop and implement appropriate policies and procedures for the efficient utilization of resources in the Borrower's rural primary education sub-sector, including those relating to (a) utilization of educational facilities, (b) utilization of administrative and teaching staff, and (c) effective provision of educational materials.

(2) Development and carrying out of a suitable program of periodic maintenance of the Borrower's primary school facilities.

* * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
August 15, 1994	1,525,000
February 15, 1995	1,580,000
August 15, 1995	1,640,000
February 15, 1996	1,705,000
August 15, 1996	1,770,000
February 15, 1997	1,840,000
August 15, 1997	1,910,000
February 15, 1998	1,980,000
August 15, 1998	2,055,000
February 15, 1999	2,135,000
August 15, 1999	2,220,000
February 15, 2000	2,305,000
August 15, 2000	2,390,000
February 15, 2001	2,480,000
August 15, 2001	2,575,000
February 15, 2002	2,675,000
August 15, 2002	2,780,000
February 15, 2003	2,885,000
August 15, 2003	2,995,000
February 15, 2004	3,110,000
August 15, 2004	3,230,000
February 15, 2005	3,350,000
August 15, 2005	3,480,000
February 15, 2006	3,615,000
August 15, 2006	3,750,000
February 15, 2007	3,895,000
August 15, 2007	4,045,000
February 15, 2008	4,200,000
August 15, 2008	4,360,000
February 15, 2009	4,520,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than eleven years before maturity	0.55
More than eleven years but not more than sixteen years before maturity	0.80
More than sixteen years but not more than eighteen years before maturity	0.90
More than eighteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Borrower's territory may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Contracts for goods estimated to cost less than the equivalent of \$100,000 each, but more than the equivalent of \$25,000 each, up to an aggregate amount not to exceed the equivalent of \$2,200,000, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Contracts for goods estimated to cost the equivalent of \$25,000 or less each, up to an aggregate amount not to exceed the equivalent of \$1,100,000, and contracts for wells and sanitary facilities, regardless of the cost thereof, may be awarded on the basis of comparison of price quotations solicited from at least three suppliers eligible under the Guidelines, in accordance with

procedures acceptable to the Bank.

3. Contracts for textbooks may be awarded on the basis of direct negotiations with the supplier thereof, in accordance with guidelines satisfactory 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 to be awarded in accordance with the provisions of Part A of this Section and estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to 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 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

Consultants' services shall be procured under contracts awarded to consultants: (A) whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank; and (B) 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.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) 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 DH 50,000,000 to be withdrawn from the Loan Account and deposited into 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 made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; 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.

