

CONFORMED COPY

LOAN NUMBER 2807 OM

(Health Project)

between

SULTANATE OF OMAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 17, 1987

LOAN NUMBER 2807 OM

LOAN AGREEMENT

AGREEMENT, dated July 17, 1987, between SULTANATE OF OMAN (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

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 have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "MOH" means the Borrower's Ministry of Health or any successor thereto.

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 thirteen million three hundred thousand dollars (\$13,300,000).

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 (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in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 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 account in the Central Bank of Oman or a commercial bank acceptable to the Bank 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 May 31, 1994 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 per annum for each Interest Period equal to one-half of one percent ($1/2$ of 1%) 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 January 15 and July 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. (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 through the MOH with due diligence and efficiency and in conformity with appropriate technical, engineering, medical, financial and administrative 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. 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.

ARTICLE IV

Financial and 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, 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 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.

Section 4.02. The Borrower shall:

(a) cause (i) each institution included in the Project to be operated and managed in accordance with sound administrative, financial, technical and public health practices, and (ii) each such institution at all times to be staffed with qualified and experienced administrators, medical personnel and other competent staff, in adequate numbers;

(b) cause the buildings, furniture and equipment provided under Part A (a) of the Project to be operated and maintained, and from time to time, promptly as needed, cause all necessary repairs and renewals thereof to be made, all in accordance with sound administrative, financial, technical and public health practices; and

(c) provide, promptly as needed, the funds, facilities, services and other resources required for such purposes.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Project Coordinator and the Regional Health Officer, referred to in paragraph 1 of Schedule 5 to this Agreement, shall have been appointed in accordance with the provisions thereof; the Deputy Project Coordinator referred to in paragraph 1 of Schedule 5 to this Agreement shall have been appointed in accordance with the provisions thereof and shall have assumed his duties; the Manpower Development Officer, Health Education Officer and Health Information System Officer, referred to in paragraph 1 of Schedule 5 to this Agreement, shall have been selected; and the Advisory Committee, referred to in paragraph 1 of Schedule 5 to this Agreement, shall have been appointed by the Under Secretary of the MOH; and

(b) acquisition of building sites and preparation of final construction drawings and bidding documents for construction of the facilities provided under Part A (a) of the Project shall have been completed.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Under Secretary of Financial Affairs of the Borrower's Ministry of Finance and Economy 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 Finance and Economy
P.O. Box 506
Muscat
Sultanate of Oman

Cable address:

MALIYA
Muscat

Telex:

5333 ON
MALIYA
Muscat

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 District of Columbia, United States of America, as of the day and year first above written.

SULTANATE OF OMAN

By /s/ Ali Salim Bader Al-Hinai
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Wilfried Thalwitz
Regional Vice President
Europe, 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:

Amount of the

Category	Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil Works	4,000,000	60%
(2) Equipment, Furniture, Vehicles, Materials and Drugs and Supplies	3,800,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) or 85% of local ex- penditures for other items pro- cured locally
(3) Technical Assistance and Fellowships	3,800,000	100%
(4) Local Training and Seminars	700,000	40%
(5) Unallocated	1,000,000	
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TOTAL	13,300,000	

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, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$600,000, may be made on account of payments made for eligible expenditures before that date but after December 1, 1986.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to reduce mortality and morbidity, particularly in the predominantly rural Batinah region; (b) to develop the MOH's institutional capability to plan and manage the health sector; and (c) to support the institution building processes necessary for the country-wide implementation of a more efficient and integrated health care delivery system.

The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time to achieve such objectives:

Part A: Health Services Development

Assisting the MOH to implement a basic health care delivery system which integrates delivery and management of curative and preventive care and health promotion through:

(a) establishing a basic health care delivery system in Batinah with a proper management and referral system as a first phase of its nationwide implementation, including: (i) establishing a new Regional Health Office in Batinah to manage the health

care delivery system in the region; (ii) completing the regional health infrastructure by constructing and equipping a regional health office building, approximately seven new basic health care facilities and upgrading and equipping approximately three existing basic health care facilities; and (iii) conducting community visits and other activities to reach the population in isolated areas and provision of mobile units;

(b) establishing regional training by providing pre-service training of approximately 100 assistant nurses and approximately 20 registered nurses and in-service training for approximately 240 health staff in Batinah and other regions; and

(c) strengthening health promotion by: (i) strengthening nation-wide health education activities through training of health staff, community leaders and workers by the Health Education Section of MOH; (ii) producing health education materials and mass media programs in coordination with the Ministry of Information; and (iii) conducting surveys and evaluations.

Part B: Institutional Development

Supporting an institution-building process focused on improving management information systems in health and finance, improving financial planning and management, and developing health services and manpower planning through:

(a) the establishment of a Health Information Section, a Health Services and Manpower Section and a Follow-up Section within the Directorate of Planning and Follow-up of the MOH;

(b) the establishment of a Financial Planning and Management Section within the Directorate of Finance of the MOH; and

(c) the provision of accounting, procurement and architectural assistance to the Project Coordinator to ensure that Project activities are well coordinated.

* * *

The Project is expected to be completed by November 30, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 15 and July 15	
beginning January 15, 1991 through January 15, 2002	555,000
On July 15, 2002	535,000

* 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	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods 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 Oman 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. Local competitive bidding:

(a) Civil work contracts for the construction of the health care facilities and office provided under Part A (a) of the Project shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

(b) Items or groups of items estimated to cost less than the equivalent of \$50,000 per contract or items which the Bank agrees are of specialized nature, up to an aggregate amount not to exceed the equivalent of \$800,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. International or Local Shopping:

Items or groups of items estimated to cost less than the equivalent of \$10,000 per contract, or items which the Bank agrees are of a standard nature, up to an aggregate amount not to exceed the equivalent of \$200,000 may be procured under contracts 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.

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 goods procured under International Competitive Bidding set forth in Part A of Section I of this Schedule 4, 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 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

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants 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

Implementation Program

1. The Project Coordinator shall be appointed by and be directly responsible to the Under Secretary of the MOH with such responsibilities and powers as may be necessary or incidental to the proper execution and supervision of the Project, and in particular, shall ensure that project activities are well coordinated and implemented and shall assist and advise the Director of Finance, the Director of Planning and Follow-up and the Regional Health Officer in carrying out their components of the Project.

The individual whose qualifications and experience has previously been approved by the Bank shall be appointed to fill the position of Deputy Project Coordinator on terms of reference satisfactory to the Bank.

An individual with qualifications and experience satisfactory to the Bank shall be appointed to fill the position of Regional Health Officer, on terms of reference satisfactory to the Bank.

The Borrower shall select individuals with qualifications and experience satisfactory to the Bank to fill the positions of

Manpower Development Officer, Health Education Officer and Health Information System Officer and shall appoint the individuals selected to the respective positions not later than January 30, 1988.

The Advisory Committee shall be appointed by the Under Secretary of the MOH to monitor the progress of the Project and to coordinate its components, and shall consist of the Project Coordinator, the Deputy Project Coordinator, the Director of Preventive Medicine, the Director of Curative Services, the Director of Education and Training, the Director of Finance, the Regional Health Officer and the Director of Planning and Follow-up.

An administrator/accountant, a purchasing officer and an architect, all duly qualified and experienced, shall be appointed to monitor the progress of the Project, no later than September 30, 1987.

2. Until completion of the Project, the Borrower shall include in each annual budget of the MOH amounts required to provide funds for the estimated yearly costs of the Project.

3. The Borrower shall provide to the Bank for its review and comments by August 31 of each year until completion of the Project, an annual work plan for the Project, together with the proposed budgetary allocations for estimated Project expenditures for the following year. Such proposed budgetary allocations shall include amounts required for creating positions for all incremental staff to be hired for such year.

4. The Borrower shall provide to the Bank for its review and comments, by November 30, 1987, a report on the implementation of the establishment and staffing of the Health Services and Manpower Planning Section, Health Information Section and Financial Planning and Management Section and upgrading of the Health Education Section.

5. The Borrower shall provide to the Bank for its review and comments, by April 30, 1988, terms of reference (a) for a survey in Batinah on health attitudes, behaviors and beliefs, and (b) a baseline study of health status and of health service coverage in Batinah and shall discuss with the Bank the results of the survey and study and the Borrower's recommendations for follow-up actions by October 31, 1988.

6. The Borrower shall provide to the Bank for its review and comments, by January 31 of each year a plan for staff development, including the fellowships for the following academic year, and shall provide to the Bank for its review and comments future plans annually thereafter not later than January 31.

7. The Borrower shall provide to the Bank for its review and comments, by May 31, 1988, the design of programs to reach the population in Batinah which has limited access to health centers, and shall implement those programs according to a schedule satisfactory to the Bank.

8. The Borrower shall provide to the Bank for its review and comments, by February 28 and August 31 of each year, semiannual reports covering the periods ending December 31 and June 30 pursuant to Section 9.07 of the General Conditions Applicable to Loan and Guarantee Agreements.

9. The Borrower shall provide to the Bank for its review and comments, by July 31, 1988, supervision, monitoring and referral procedures for the basic health care delivery system in Batinah, and shall implement these procedures by October 31, 1988.

10. The Borrower shall complete, by December 31, 1988, the pre-service training programs for training of assistant nurses and for training of registered nurses, agreed between the Bank and the

Borrower, and shall start training by September 30, 1989.

11. The Borrower shall provide to the Bank for its review and comments, by June 30, 1988, terms of reference for a study on health sector financing, including alternative cost recovery measures, and shall by October 31, 1989 review with the Bank the findings and recommendations of such study and the measures proposed by the Borrower, to be taken by January 1990, on the basis of such recommendations.

12. The Borrower shall implement the health information and the cost-accounting systems in MOH by June 30, 1989.

13. The Borrower shall provide to the Bank for its review and comments, by December 31, 1989, terms of reference for a mid-project evaluation, and shall discuss recommendations for an action plan with the Bank by December 31, 1990. The Borrower shall implement the action plan according to a schedule satisfactory to the Bank.

14. The Borrower shall complete, by March 31, 1990, a plan for the nationwide implementation of the basic health care delivery system during the next five-year plan, including a manpower development program and phased staffing plan.

15. The Borrower shall complete, by March 31, 1990, introduction of the institutional structure in the MOH which combines curative and preventive care to manage the basic health care delivery system.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) 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 Categories (1), (2), (3) and (4) in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$600,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Bank shall otherwise agree, 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 may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, 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) The Borrower shall furnish to the Bank requests for replenishment of the Special Account at such intervals as the Bank shall specify. On the basis of such requests, the Bank shall withdraw from the Loan Account and deposit into the Special Account

such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. 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 the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Bank, prior to or at the time of such request, such documents and other evidence as the Bank shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Bank when either of the following situations first arises:

- (i) 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
- (ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) 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 any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Bank, 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. No further deposit by the Bank into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Loan Account.

