

LOAN NUMBER 3024 IN

(Nathpa Jhakri Power Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated May 18, 1989

LOAN NUMBER 3024 IN

LOAN AGREEMENT

AGREEMENT, dated May 18, 1989, between INDIA, acting by its President (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;

(B) Part A of the Project will be carried out by the Nathpa Jhakri Power Corporation Limited (the Corporation) with the Borrower's assistance and, as part of such assistance funds not less than the equivalent to \$437,000,000 out of the proceeds of the Loan shall be made available by the Borrower to the Corporation under a Subsidiary Loan Agreement to be entered into between the Borrower and the Corporation as provided in this Agreement;

(C) Part B of the Project will be carried out by the State of Himachal Pradesh (Himachal Pradesh) through the Himachal Pradesh State Electricity Board (the Board) with the Borrower's assistance and as part of such assistance, the Borrower will make available to Himachal Pradesh an amount equivalent to \$43,000,000 out of the proceeds of the Loan as provided in this Agreement;

(D) Part C of the Project will be carried out by the Borrower; 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, in the Project Agreement of even date herewith between the Bank and the Corporation, and in the Himachal Pradesh Agreement of even date herewith between the Bank and Himachal Pradesh.

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) "Himachal Pradesh" means the State of Himachal Pradesh, a State of India;

(b) "Himachal Pradesh Agreement" means the agreement between the Bank and Himachal Pradesh of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Himachal Pradesh Agreement;

(c) "Corporation" means the Nathpa Jhakri Power Corporation Limited, a company registered under the Companies Act, 1956, of the Borrower;

(d) "Project Agreement" means the Agreement between the Bank and the Corporation of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(e) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and the Corporation pursuant to Section 3.02 (a) of the Loan Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(f) "Board" means the Himachal Pradesh State Electricity Board established under the provisions of the Borrower's Electricity (Supply) Act, 1948, as amended to the date of this Agreement;

(g) "Displaced Person" means any person, whether land owning or landless, who would be, or has been, involuntarily displaced from his or her usual place of residence or work due to the carrying out of the Project;

(h) "financial year" or "FY" means the year commencing on April 1 of each year and ending on March 31 of the following year with each financial year being described by the year in which it ends; and

(i) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

#### 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 Agree-

ment, an amount in various currencies equivalent to four hundred eighty-five million dollars (\$485,000,000).

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 dollars a special account in the Reserve Bank of India 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 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1997 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 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 April 1 and October 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 Part C of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for Part C of the Project.

(b) Without any limitation or restriction upon any of its other obligations under the Loan Agreement, the Borrower shall cause Himachal Pradesh and the Corporation to perform in accordance with the provisions of the Himachal Pradesh and Project Agreements all the respective obligations of Himachal Pradesh and the Corporation therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Himachal Pradesh and the Corporation to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.02. (a) The Borrower shall relend an amount not less than the equivalent of \$437,000,000 to the Corporation out of the proceeds of the Loan, under a subsidiary loan agreement to be entered into between the Borrower and the Corporation under terms and conditions which shall have been approved by the Bank which shall, except as the Bank may otherwise agree, include interest at a rate of not less than 14.50% per annum on the principal amount so relent and withdrawn by the Corporation and outstanding from time to time, and repayment over a period of twenty years, including therein a period of grace of five years.

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

(c) The Borrower shall make available to Himachal Pradesh an amount equivalent to \$43,000,000 out of the proceeds of the Loan in accordance with the Borrower's standard arrangements for developmental assistance to the States of India.

Section 3.03. 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 the Schedule to the Project Agreement.

Section 3.04. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part A of the Project shall be carried out by the Corporation pursuant to Section 2.03 of the Project Agreement, and in respect of Part B of the Project, shall be carried out or caused to be carried out by Himachal Pradesh pursuant to Section 2.04 of the Himachal Pradesh Agreement.

Section 3.05. For the purposes of carrying out the training program under the Project, the Borrower shall establish by June 30, 1989, a Training Unit in the Central Electricity Authority and shall appoint a coordinator therein to implement said program.

#### ARTICLE IV

##### Particular 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 Part C of the Project of the departments or agencies of the Borrower responsible for carrying out Part C of the Project.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each financial 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, a certified copy of 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, accounts and the audit thereof as the Bank shall from time to time reasonably request.

Section 4.02. (a) 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 sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the financial year in which the last withdrawal from the Loan Account was made; and
- (iii) enable the Bank's representatives to examine such records.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) (i) of this Section for each financial 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, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such financial year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; 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.

Section 4.03. The Borrower shall have the Special Account for each financial year audited in accordance with appropriate auditing principles, consistently applied by independent auditors acceptable to the Bank and furnish to the Bank as soon as available, but in any case not later than six months after the end of each year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested.

Section 4.04. The Borrower shall, by June 30, 1989, furnish to the Bank a satisfactory timetable of key actions, including full assessment of the environmental impact, for the preparation

and implementation of its proposed Northern Region Transmission Project, and shall implement said Project in accordance with such timetable.

#### 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) Himachal Pradesh or the Corporation shall have failed to perform any of its respective obligations under the Himachal Pradesh Agreement or the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that Himachal Pradesh or the Corporation will be able to perform its respective obligations under the Himachal Pradesh Agreement or the Project Agreement.

(c) A change shall have been made in the Memorandum and Articles of Association of the Corporation amended to the date of this Agreement, without the consent of the Bank, which would materially and adversely affect the financial condition or operations of the Corporation.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Board or the Corporation or for the suspension of their operations.

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

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

(b) the events specified in paragraphs (c) or (d) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Subsidiary Loan Agreement has been executed on behalf of the Borrower and the Corporation.

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

(a) that the Himachal Pradesh Agreement has been duly authorized or ratified by Himachal Pradesh and is legally binding upon Himachal Pradesh in accordance with its terms;

(b) that the Project Agreement has been duly authorized or ratified by the Corporation, and is legally binding upon the Corporation in accordance with its terms; and

(c) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and the Corporation and is legally binding upon the Borrower and the Corporation in accordance with its terms.

Section 6.03. 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

Representatives of the Borrower; Addresses

Section 7.01. Any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry 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:

The Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
New Delhi, India

Cable address:

ECOFAIRS  
New Delhi

Telex:

953-313546

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.

INDIA

By /s/ Anil Kumar

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Attila Karaosmanoglu

Regional Vice President  
Asia

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 Expenditures to be Financed
(1) Civil works:		
(a) for Part A of the Project	230,000,000	\$200,000,000 at 65% and balance at 20%
(b) for Part B of the Project	3,500,000	60%
(c) for Part C of the Project	500,000	60%
(2) Equipment and materials:		
(a) for Part A of the Project	185,000,000	60%
(b) for Part B(i) of the Project	30,000,000 )	
(c) remainder of Part B of the Project	3,000,000 )	100% of foreign expenditures, and 100% of local ex- penditures (ex- factory cost)
(d) for Part C of the Project	1,000,000 )	

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(3) Consultants' services and training:		
(a) for Part A of the Project	4,000,000 )	
(b) for Part B of the Project	1,000,000 )	100%
(c) for Part C of the Project	2,000,000 )	
(4) Unallocated	25,000,000	
TOTAL	485,000,000	

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: (i) prior to the date of this Agreement; and (ii) in respect of Category (2) (b) until the clearance referred to in Section 2.06 of the Himachal Pradesh Agreement has been obtained, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$5,000,000, may be made in respect of Category (3) on account of payments made for expenditures before that date but after April 1, 1988.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (i) increase the power capacity in the Northern Region of India; (ii) improve the reliability of power supply in Himachal Pradesh and strengthen the operational performance of the Board; and (iii) modernize and strengthen the technical capabilities of government institutions in the power 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: The Corporation

The construction of Nathpa Jhakri power station including:

- (i) a 60 m high and 155 m long gravity dam across the Sutlej River, and intake and underground desilting chambers;
- (ii) about 30 km long head-race tunnel, about 10 m in diameter with a maximum capacity of 405 m<sup>3</sup>/s;
- (iii) a 130 m deep and 25 m in diameter surge tank;
- (iv) three steel lined pressure shafts 650 m long and 6.0 m in diameter, bifurcating at the downstream end into 60 m long 4.0 m in diameter branches;
- (v) an underground power house, transformer cavern and switchyard for 6x250 MW generating units for a nominal head of 468 m and ancillary equipment;
- (vi) a 280 m long, 10 m wide arch-type tail race tunnel discharging back in the Sutlej River; and
- (vii) the utilization of consultant's services for the design and supervision of construction for works under Part A above.

#### Part B: The Board

- (i) The construction of about 500 km of 132 kV transmission lines and associated substations, totalling about 184 MVA, to expand and reinforce the transmission system in Himachal Pradesh, including tools and transport equipment for construction, inspection and maintenance of the system.
- (ii) The installation of a communication system and a state load dispatch facility for control and operation of the Himachal Pradesh power system.

- (iii) The preparation of a 10 year transmission plan for the Board.
- (iv) The preparation and implementation of an Accounting and Management Information Study and an Utility Management Study to streamline the Board's operations.
- (v) The implementation of a resettlement and rehabilitation program for the Displaced Persons.
- (vi) The implementation of a plan to protect the environment in the area covered by the Project.
- (vii) The utilization of consultancy services for carrying out Part B of the Project.

Part C: The Borrower

The implementation of a training program to strengthen the capabilities of the Central Electricity Authority, the Central Water Commission, and other selected agencies of the Borrower to plan, design and manage hydropower projects and associated works, including the acquisition of specialized office engineering equipment, technical literature, computer hardware and software, office space to install such facilities, and utilization of consultants' services.

\* \* \* \*

The Project is expected to be completed by December 31, 1996.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
October 1, 1994	8,950,000
April 1, 1995	9,290,000
October 1, 1995	9,640,000
April 1, 1996	10,005,000
October 1, 1996	10,385,000
April 1, 1997	10,780,000
October 1, 1997	11,190,000
April 1, 1998	11,615,000
October 1, 1998	12,055,000
April 1, 1999	12,510,000
October 1, 1999	12,985,000
April 1, 2000	13,480,000
October 1, 2000	13,990,000
April 1, 2001	14,520,000
October 1, 2001	15,075,000
April 1, 2002	15,645,000
October 1, 2002	16,240,000
April 1, 2003	16,855,000
October 1, 2003	17,495,000
April 1, 2004	18,160,000
October 1, 2004	18,845,000
April 1, 2005	19,565,000
October 1, 2005	20,305,000
April 1, 2006	21,075,000
October 1, 2006	21,875,000
April 1, 2007	22,705,000
October 1, 2007	23,565,000
April 1, 2008	24,460,000
October 1, 2008	25,390,000
April 1, 2009	26,350,000

\* 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 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

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 \$35,000,000 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; (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.

