

CONFORMED COPY

LOAN NUMBER 3691 TUN

Loan Agreement

(Northwest Mountainous Areas Development Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated February 23, 1994

LOAN NUMBER 3691 TUN

LOAN AGREEMENT

AGREEMENT, dated February 23, 1994, between the REPUBLIC OF TUNISIA (the Borrower) and the 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) the Project will be carried out by the Office du Developpement Sylvo-Pastoral du Nord-Ouest (ODESYPARO) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to ODESYPARO the proceeds of the Loan as provided in this Agreement; 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 and in the Project Agreement of even date herewith between the Bank and ODESYPARO;

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) "Basic Legislation" means the Borrower's Law No. 81-17 dated March 9, 1981, pursuant to which ODESYPANO has been established and is operating as an industrial and commercial public institution, and the Borrower's Decree No. 81-975 dated July 15, 1981, setting forth the administrative and financial organization of ODESYPANO, as both may be amended from time to time;

(b) "Category" means a category of items to be financed out of the proceeds of the Loan as set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and the term "Categories" means more than one Category collectively;

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

(d) "Development Center" or "CDA" means a Development Center (Centre de developpement et d'animation) which represents ODESYPANO at the village level for the purposes of the Project;

(e) "Douar" means a rural settlement consisting of extended families in villages in the Project Areas (as hereinafter defined);

(f) "Douar Action Plan" means the agreement to be concluded between ODESYPANO, represented by a CDA, and a Douar, represented by a DDC (as hereinafter defined), setting forth the parties' agreement to the execution of specific Sub-projects and each party's obligations, including villagers' contributions, and commitments in connection thereto;

(g) "Douar Credit Union" means a Douar Credit and Savings Union to be established and managed by ODESYPANO under Part C (ii) of the Project;

(h) "Douar Development Committee" or "DDC" means a Douar Development Committee consisting of Douar settlers or inhabitants which represent a Douar in its interaction with ODESYPANO for the purposes of the Project;

(i) "Fiscal Year" or "FY" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year;

(j) "informal sector" means income-generating activities usually undertaken by Douars' members, and which include, without limitation, cottage industries, such as beekeeping, in-house processing and agroforestry byproducts, and handicrafts, such as

weaving, carpentry and woodcarving;

(k) "Kroumirie-Mogods Sub-zone Area" means the areas of the Borrower's in the Governorates of B j , Bizerte and Jendouba in which the Project is to be carried out;

(l) "Oued Tessa Sub-zone Area" means the areas of the Borrower's in the Governorates of B j , Kef and Siliana in which the Project is to be carried out;

(m) "Oued Zarga and Oued Khil Sub-zone Areas" mean the areas of the Borrower's in the Governorates of B j and Bizerte in which the Project is to be carried out;

(n) "Project Agreement" means the agreement between the Bank and ODESYPANO 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;

(o) "Project Areas" mean the areas totalling about 310,000 ha consisting of the Kroumirie-Mogods Sub-zone Area, the Oued Zarga and Oued Khil Sub-zone Areas and the Oued Tessa Sub-zone Area;

(p) "Regional Directorate" or "DR" means each of ODESYPANO's Regional Directorates located in B j , Kef and Sejnane;

(q) "Research Fund" means the fund for applied research which shall be established and operated by ODESYPANO pursuant to Part D of the Project;

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

(s) "Sub-project" means specific activities identified in a Douar Action Plan to be carried out under the Project.

## 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 twenty-seven million five hundred thousand dollars (\$27,500,000), 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 its Central 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 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000, 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 semiannually on March 1 and September 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.

#### 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, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause ODESYPANO to perform in accordance with the provisions of the Project Agreement all the obligations of ODESYPANO 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 ODESYPANO to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall promptly make the proceeds of the Loan available to ODESYPANO through budgetary allocations.

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 1 to the Project Agreement.

Section 3.03. 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) shall be carried out by ODESYPANO pursuant to Section 2.03 of the Project Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (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 Fiscal 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 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 (6) 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 Fiscal 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.

#### ARTICLE V

##### Remedies of the Bank

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

(a) ODESYPANO shall have failed to perform any of its obligations under 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 ODESYPANO will be able to perform its obligations under the Project Agreement.

(c) The Basic Legislation or any other law, decree or resolution of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the organization, powers, financial condition or operations of ODESYPANO or its ability to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ODESYPANO or for the suspension of its 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 (60) days after notice thereof shall have been given by the Bank to the Borrower; and

(b) the events specified in paragraph (c) and (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 Borrower shall have established, under terms of reference and guidelines satisfactory to the Bank, a Research Committee to manage the Research Fund.

Section 6.02. The following is specified as an additional matter, 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, namely, that the Project Agreement has been duly authorized by ODESYPANO, and is legally binding upon ODESYPANO in accordance with its terms.

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

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

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

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

For the Borrower:

Ministry of International Cooperation  
and Foreign Investment  
149, Avenue de la Liberté  
1002 Tunis-Belvédère  
Republic of Tunisia

Cable address:	Telex:
MCIIE	18060

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 Washington, D.C.	248423 (RCA) 82987 (FTCC) 64145 (WUI) or 197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TUNISIA

By /s/ Ismail Khelil  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Caio Koch-Weser  
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:

Amount of the Loan Allocated	% of
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Category	(Expressed in Dollar Equivalent)	Expenditures to be Financed
(1) Civil works for:		
(a) Soil Con- servation	7,300,000	)
		)
(b) Buildings	1,800,000	)
		)
(c) Roads	7,600,000	)60%
		)
(d) Water Supply	2,200,000	)
		)
(e) Farm ponds under Part F of the Project	900,000	)
		)
(2) Equipment, Vehicles, and Materials	3,200,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(3) Consultants' Services, Training, and Studies	2,000,000	100%
(4) Unallocated	2,500,000	
	<hr/>	
TOTAL	27,500,000 =====	

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 Category (1) (e), until and unless the Bank shall have approved the feasibility study referred to in Section E.1 of Schedule 2 to the Project Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (i) works under contracts not exceeding \$500,000 and works to be carried out by force account; (ii) goods under contracts not exceeding \$300,000; and (iii) services under contracts not exceeding \$100,000, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are to alleviate poverty,



improve the well-being of the Project Areas' population and arrest degradation of the natural resource base in said Areas, and, to those ends, to assist the Borrower in: (i) supporting on-farm and off-farm income-generating activities; (ii) promoting measures to reduce erosion, run-off, and reservoir sedimentation; (iii) improving management and productivity of range and farm land; and (iv) improving accessibility of the Project Areas' population to basic infrastructure and social services; and (v) fostering increased responsibility and involvement of the local population in the planning and management of its own development.

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: Agriculture Development

Carrying out of an extension program to increase and sustain agricultural production in the Project Areas, by demonstration and promotion of appropriate farming techniques and on-farm erosion control measures adapted to local condition, through the strengthening of ODESYPANO's agricultural extension service in the Project Areas. This program will include:

(a) Strengthening of the technical capability of the Regional Directorates through the provision of subject-matter specialists in the areas, inter alia, of watershed and rangeland management, agronomy, animal husbandry and fodder production and rural engineering, as necessary to provide support and training to development/extension agents (animateurs/animateuses) in extension activities and training of village groups;

(b) Reinforcement of the Development Centers through the provision of nineteen (19) development/extension agents, composed of seven (7) men and (12) women; and

(c) For the purposes of carrying out the activities referred to in paragraphs (a) and (b) of this Part A of this Schedule: (i) construction of six (6) Development Centers and housing for the development/extension agents; (ii) provision of training, inter alia, in participatory approach, vehicles, mopeds, equipment, and seeds, fertilizers, equipment and supplies for demonstration; (iii) carrying out of a pilot animal insemination program; (iv) carrying out of land surveys necessary, inter alia, for land titling; and (v) establishment of a suitable mobile communication unit.

Part B: Watershed and Rangeland Management

Development and implementation, with full participation and contribution of the beneficiaries, of soil conservation and erosion control activities aimed at reducing run-off, soil erosion and downstream sedimentation.

Part C: Income-Generating Activities

Carrying out, on a pilot basis, of a program to: (i) promote financially viable off-farm and on-farm rural enterprises designed to both generate employment and increase income; and (ii) enhance the Project Areas' rural households' capacity to create and manage their own resources, consisting specifically of the establishment and operation of a suitable Douar credit/savings scheme based on the creation and operation of Douar Credit Unions and the carrying out of a study designed to define the terms and lending conditions and the procedures necessary for the proper operation of the said Douar Credit Unions and a study to identify potential for, and existing constraints to, rural enterprise development in the Project Areas, and, on the basis thereof, formulation of a suitable action plan, including a training program.

Part D: Applied Research

Establishment of a Research Fund for the purposes of

supporting short-term applied research to improve and sustain rural productivity in the Project Areas, enhance farmers' income and conserve the Project Areas' natural resources, and provision of a short-term consultant to review research plans and implementation and progress of these activities.

Part E: Institutional Strengthening

1. Carrying out of a program to strengthen ODESYPANO's planning and Project implementation capability, primarily through reorganization and restructuring, and provision of a Planning Director and a Chief of Accounts, in-country training, short-term consultancy, study tours, training of village communities to attain increased participation and heavy equipment to improve ODESYPANO's capability to construct, repair and maintain rural infrastructure, particularly rural roads, in the Project Areas.

2. Strengthening of ODESYPANO's Geographic Information System through the provision of training and short-term consultancy to permit the assembly and analysis of key data necessary for planning, monitoring and evaluating Project activities.

Part F: Rural Infrastructure

Construction and maintenance of basic infrastructure, including: (i) rehabilitation and maintenance of about six hundred fifty (650) km of feeder roads; and (ii) construction of about three hundred (300) km of feeder roads, eight (8) schools, twenty-five (25) classrooms, ten (10) health centers, nineteen (19) potable water supply systems, fifteen (15) farm ponds, drilling of twenty-eight (28) wells in areas not provided with water and installation of sixty (60) water tanks.

\* \* \*

The Project is expected to be completed by December 31, 1999.  
SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each March 1 and September 1 beginning on September 1, 1999 through September 1, 2010	1,145,000
And on March 1, 2011	1,165,000

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\* 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

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:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 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 works, 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 \$1,500,000 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.

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

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.

