

CONFORMED COPY

LOAN NUMBER 4445-JO

Loan Agreement

(Amman Water and Sanitation Management Project)

between

THE HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated March 18, 1999

LOAN NUMBER 4445-JO

LOAN AGREEMENT

AGREEMENT, dated March 18, 1999, between THE HASHEMITE KINGDOM OF JORDAN (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 Bank has received a letter dated August 18, 1997 from the Borrower describing a program of actions, objectives and policies designed to: (i) develop water infrastructure and services to support the economic and social development of the Borrower; (ii) develop an enabling legal framework which would encourage investment in the water sector; and (iii) increase the availability of water at a tariff reflecting its economic cost, (collectively the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) the Project will be carried out by Water Authority of Jordan ("WAJ") with the Borrower's assistance, and as part of such assistance, the Borrower will make available to WAJ the proceeds of the Loan as provided in this Agreement;

(D) the Borrower intends to contract a loan in an amount equivalent to 40 million ECU's from the European Investment Bank (the "EIB Loan") and a loan in an amount equivalent to 36 billion Lire from the Italian Republic (the "Italian Loan") (European Investment Bank and Italy hereinafter referred to collectively as the

"Cofinanciers" and the EIB Loan and the Italian Loan hereinafter referred to collectively as the "Cofinancing") to assist in financing the Project on terms and conditions to be set forth in agreements (the "Cofinancing Agreements") to be entered into between the Borrower and the Cofinanciers; 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 WAJ.

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 for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997) (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) "Management Contract" means the performance-based management contract to be entered into with a private sector operator for management of water and wastewater services in the Amman service area;

(b) "Project Agreement" means the agreement between the Bank and WAJ (as such term is hereinafter defined) 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;

(c) "Planning and Management Unit" or "PMU" means the unit established within WAJ for the implementation of this Project, and referred to in Paragraph 1 of Schedule 1 to the Project Agreement;

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

(e) "Statutes" means Law No. 18 of 1988, Wastewater and Sanitation By-Law No. 66 of 1994; Water Subscription By-Law No. 67 of 1994; and Groundwater Resources By-Law No. 26 of 1977;

(f) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and WAJ pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time; and

(g) "WAJ" means the Water Authority of Jordan, established and operating pursuant to Law No. 18 of 1988.

## 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 equal to fifty-five million Dollars (\$55,000,000).

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 may, 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 January 31, 2004 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 LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

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. (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 this Agreement, shall cause WAJ to carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall on-lend the proceeds of the Loan to WAJ under a Subsidiary Loan Agreement on terms and conditions which shall have been approved by the Bank, which shall include, without limitation, terms whereby: (i) the principal amount thereof shall be the equivalent in Jordanian Dinars determined on the date of repayment of the amounts due under the Loan; (ii) the principal amount so made available shall be recovered over a period of 17 years, including a grace period of 4 years; (iii) interest shall be charged on the principal amount so made available and withdrawn and remaining unrecovered from time to time, at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to Section 2.05 of this Agreement.

(c) 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, shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

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 2 to the Project Agreement.

Section 3.03. The Borrower and the Bank 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 WAJ 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 (1) of the General Conditions, the following additional events are specified:

(a) WAJ shall have failed to perform any of its obligations under the Project Agreement.

(b) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

(c) 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 WAJ will be able to perform its obligations under the Project Agreement.

(d) The Statutes shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of WAJ or its ability to carry out the Project or the ability of WAJ to perform any of its obligations under the Project Agreement.

(e) The Cofinancing Agreements shall have failed to become effective by December 31, 1999, 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.

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

(A) the right of the Borrower to withdraw the proceeds of any of the loans or grants included in the Cofinancing shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any of the loans, included in the Cofinancing, shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (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 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.

(b) the event specified in paragraph (d) of Section 5.01 of this Agreement shall occur.

(c) the event specified in paragraph (f) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (f) (ii) of that Section.

#### 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 WAJ.

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 Project Agreement has been duly authorized or ratified by WAJ and is legally binding upon WAJ in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and WAJ and is legally binding upon the Borrower and WAJ 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

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of Planning 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 Planning  
P.O. Box 555  
Amman  
The Hashemite Kingdom of Jordan

Cable address:

Telex:

21319NPC JO

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 (MCI) or  
64145 (MCI)

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.

THE HASHEMITE KINGDOM OF JORDAN

By /s/ Marwan Muasher

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Inder K. Sud  
Acting Regional Vice President  
Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Works	11,500,000	80%
(2) Goods and vehicles expenditures	24,000,000	100% of foreign expenditures; 100% of local  (ex-factory cost); and 90% of local expenditures for other items pro- cured locally
(3) Consultants' Services	3,000,000	100%
(4) Management Contract Fees	10,000,000	100%
(5) Project Management Support	1,500,000	100%
(6) Unallocated	5,000,000	
TOTAL	55,000,000	

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;

(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;

(c) "Management Contract Fee" means the payments to be made to the private sector operator under the terms of the Management Contract; and

(d) "Project Management Support" means the expenses of the Planning and Management Unit incurred on account of expert services for support of the PMU for Project implementation, management, accounting and monitoring services, including

utilities, communication, international travel and office supplies.

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

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures: (a) for goods, vehicles and works under contracts not exceeding \$500,000; (b) for expenditures for Project Management Support; (c) for consulting firms under contracts not exceeding \$100,000; and (d) for individual consultants under contracts not exceeding \$50,000, 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: (i) to improve the efficiency, management, operation and delivery of water and wastewater services in the Amman service area; and (ii) to lay the groundwork for the sustained involvement of the private sector in the overall management of the water and wastewater 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: Management Contract

Improvement of the operation of the water supply and wastewater systems in the Amman service area through a performance-based management contract that would inter alia: introduce a maintenance and repair program for equipment for the water and wastewater systems; improve quality of the water supply; protect the integrity of surface and groundwater water sources; improve the inspection and functioning of the wastewater collection system; improve management information systems, including asset and customer databases and a computerized mapping system; improve customer service, including reading of meters and the billing and collection system; improve public relations, including development of a public information program; establish an occupational health and safety program and an emergency response plan; and develop management and technical training programs.

#### Part B: Operating Investments

Improvements to rehabilitate the water and wastewater systems, including purchase of operating and construction equipment to rehabilitate the piping network and pumping system; purchase and installation of materials and parts to rehabilitate piping network and pumping systems, bulk and retail metering systems and control systems; carrying out a leak detection survey program for the majority of the distribution network; provision of computer hardware and software for administration and management of the water and wastewater systems; and purchase and use of operating supplies including treatment chemicals.

#### Part C: Capital Investments

Design, implementation and supervision of the restructuring and rehabilitation of the water supply system, including upgrading and extension of service coverage, provision of equipment, installation of materials and parts to rehabilitate the piping network and pumping, metering and control systems, construction of distribution zone storage facilities and local district storage, construction of terminal bulk storage facilities, and strengthening or installing new primary mains and appurtenances.

#### Part D: Institutional Strengthening of WAJ

Strengthening of the Planning and Management Unit, through provision of technical assistance, office equipment supplies and vehicles; improving the managerial and financial capacities of WAJ through provision of technical assistance; and provision of assistance for monitoring the private sector operator's performance under the Management Contract, including technical and financial auditing, and carrying out of studies, including an assessment of the willingness of consumers to pay for water



and wastewater services, development of a regulatory framework, and preparation of other proposed water sector projects throughout Jordan.

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The Project is expected to be completed by July 31, 2003.

### SCHEDULE 3

#### Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in Dollars)*
August 15, 2003	1,485,000
February 15, 2004	1,525,000
August 15, 2004	1,565,000
February 15, 2005	1,610,000
August 15, 2005	1,655,000
February 15, 2006	1,695,000
August 15, 2006	1,745,000
February 15, 2007	1,790,000
August 15, 2007	1,840,000
February 15, 2008	1,890,000
August 15, 2008	1,940,000
February 15, 2009	1,990,000
August 15, 2009	2,045,000
February 15, 2010	2,100,000
August 15, 2010	2,160,000
February 15, 2011	2,215,000
August 15, 2011	2,275,000
February 15, 2012	2,340,000
August 15, 2012	2,400,000
February 15, 2013	2,465,000
August 15, 2013	2,535,000
February 15, 2014	2,600,000
August 15, 2014	2,670,000
February 15, 2015	2,745,000
August 15, 2015	2,820,000
February 15, 2016	2,900,000

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\* The figures in this column represent the amount in Dollars to be repaid, except as provided in Sections 4.04 (d) of the General Conditions.

### SCHEDULE 4

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$4,500,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$2,250,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent

of \$10,000,000.

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 deposit into the Special Account of an amount or amounts 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 into 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;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments 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.

