

CONFORMED COPY

LOAN NUMBER 3490 IND

(Third Kabupaten Roads Development Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated August 26, 1992

LOAN NUMBER 3490 IND

LOAN AGREEMENT

AGREEMENT, dated August 26, 1992, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS 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;

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 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) "BAPPENAS" means the National Development Planning Agency, an agency of the Borrower and includes any successor or successors thereto.

(b) "DGH" means the Directorate General of Highways of MPW and includes any successor or successors thereto.

(c) "DPUK" and "DPUKs" means singularly the Office (Dinas) of Public Works of a Kabupaten and collectively the Offices (Dinas) of Public Works of Kabupatens, selected for participation in the Project in accordance with the provisions of this Agreement, and includes any successor or successors thereto.

(d) "DPUP" and "DPUPs" means singularly a Provincial Office (Dinas) of Public Works of the Borrower and collectively the Provincial Offices (Dinas) of Public Works of the Borrower and includes any successor or successors thereto.

(e) "Kabupaten" means a district, an administrative sub-division, of the Borrower.

(f) "MHA" means the Ministry of Home Affairs of the Borrower and includes any successor or successors thereto.

(g) "MOF" means the Ministry of Finance of the Borrower and includes any successor or successors thereto.

(h) "MPW" means the Ministry of Public Works of the Borrower and includes any successor or successors thereto.

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

(j) "Sub-project" and "Sub-projects" means singularly a sub-project and collectively the sub-projects included in Part A.1 of 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 two hundred fifteen million dollars (\$215,000,000), 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 United States Dollars a special deposit account in Bank of Indonesia 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 September 30, 1996 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 out-standing 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 15 and September 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 with due diligence and efficiency and in conformity with appropriate administrative, financial, economic, engineering and environmental 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. (a) 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.

(b) Without limitation to the foregoing, goods required for the Project and to be financed out of the proceeds of the Loan shall be procured from a list satisfactory to the Bank.

### ARTICLE IV

#### Financial 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 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; 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 or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VI

##### Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance  
c/o Director-General of Budget  
Jalan Lapangan Banteng Timur 2-4  
P.O. Box 2458  
Jakarta 10710, Indonesia

Cable address:	Telex:
FINMINISTRY Jakarta	45799 DJMLN-IA 44319 DEPKEU-IA

For the Bank:

International Bank for



(2)	Supervision of civil works under Part A.4 of the Project	26,500,000	100%
(3)	Equipment, spare parts and supplies	8,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(4) Consultancy services for		100%
(a) Training	5,000,000	
(b) Institutional and Technical Development	9,500,000	
(5) Training		
(a) under Part B.1 (d) of the Project	650,000	100%
(b) under Part B.1 (e) of the Project	900,000	75%
(6) Unallocated	15,500,000	
TOTAL	<u>215,000,000</u> =====	

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 to exceed \$12,000,000, may be made in respect of Categories 1, 2 and 4 on account of payments made for expenditures before that date but after March 1, 1992.

SCHEDULE 2

Description of the Project

The objectives of the Project are to (i) improve the quality of the road network in selected Kabupatens, and (ii) enhance the capability of the Borrower's agencies in charge of Kabupaten roads.

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: ROAD REHABILITATION, IMPROVEMENT, AND MAINTENANCE

1. Elevating the standard of Kabupaten road network and increasing the quality of Kabupaten road maintenance systems through sub-projects comprising (a) rehabilitation and improvement of approximately 4,200 kilometers of roads, and (b) maintenance of approximately 25,000 kilometers of roads, in about seventy Kabupatens.

2 (a) Upgrading of selected workshops and laboratories responsible for providing services to road construction and maintenance agencies of the Borrower in the selected Kabupatens; construction of an additional workshop in one selected Kabupaten, and (b) provision of equipment for the said workshops and laboratories.

3. Provision of road construction and maintenance equipment and spare parts to selected Kabupatens.

4. Provision of construction supervision services.

PART B: INSTITUTIONAL AND TECHNICAL DEVELOPMENT

1. Development and implementation of priority parts of a nationwide Kabupaten Roads Master Training Plan (KRMTTP) prepared by the Borrower, including: (a) preparation of training programs; (b) strengthening of the institutions involved in training; (c) training of trainers; (d) training by specialized institutions; (e) in-house delivery of training programs; and (f) provision of equipment and supplies for training programs preparation and delivery.

2. Provision of technical assistance to the departments and agencies of the Borrower concerned with the Project and undertaking studies for the purposes of institutional, economic, environmental and technical development through: (a) technical support and liaison for engineering aspects; (b) general assistance in planning; (c) assistance in the monitoring and coordination of Project activities;

(d) support in the preparation of annual road works programs; (e) support to MPW in its review of site-specific environmental assessments; and (f) support of training activities under the Project.

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

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
March 15, 1998	3,920,000
September 15, 1998	4,070,000
March 15, 1999	4,230,000
September 15, 1999	4,395,000
March 15, 2000	4,565,000
September 15, 2000	4,740,000
March 15, 2001	4,920,000
September 15, 2001	5,115,000
March 15, 2002	5,310,000
September 15, 2002	5,515,000
March 15, 2003	5,730,000
September 15, 2003	5,950,000
March 15, 2004	6,180,000



September 15, 2004	6,420,000
March 15, 2005	6,665,000
September 15, 2005	6,925,000
March 15, 2006	7,190,000
September 15, 2006	7,470,000
March 15, 2007	7,760,000
September 15, 2007	8,060,000
March 15, 2008	8,370,000
September 15, 2008	8,695,000
March 15, 2009	9,030,000
September 15, 2009	9,380,000
March 15, 2010	9,740,000
September 15, 2010	10,120,000
March 15, 2011	10,510,000
September 15, 2011	10,915,000
March 15, 2012	11,335,000
September 15, 2012	11,775,000

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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	0.15
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

##### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

##### Part A: International Competitive Bidding

Except as provided in Part C.2 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 Indonesia 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. (a) Except as provided in sub-paragraph (b) hereof, civil works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures (including prequalification procedures and contract packaging criteria) satisfactory to the Bank.

(b) Civil works for routine maintenance, up to an aggregate amount equivalent to \$44,000,000, may be carried out by force account.

2. (a) Except as provided in sub-paragraphs (b) and (c) hereof, items or groups of items for goods estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$700,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

(b) Except as provided in sub-paragraph (c) hereof, items or groups of items for goods estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$300,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

(c) Contracts for spare parts, up to an aggregate amount equivalent to \$500,000, may be awarded after direct negotiations with suppliers, 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 civil works and goods estimated to cost the equivalent of \$2,000,000 and \$200,000 or more respectively, 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 subparagraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.

3. 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 Borrower shall, under the general supervision and guidance of a Coordinating Committee chaired by BAPPENAS, carry out the Project as follows:

(a) Part A.1 of the Project shall be carried out by DPUKS with the assistance of concerned DPUPs.

(b) Part A.2(a) of the Project shall be carried out by the concerned DPUKS.

(c) Parts A.2(b)-A.4 and Part B of the Project shall be carried out by DGH.

2. The Borrower shall, by November 1, 1992, establish, (a) a Project Secretariat comprising representatives of BAPPENAS, MPW, MHA and MOF, at echelon level two, for the purpose of assisting the Coordinating Committee, referred to in paragraph 1 hereof, in coordinating the preparation of actions to be taken by such departments and agencies for the purpose of project implementation and in monitoring the execution of such actions; and (b) a Project Implementation Unit in DGH to monitor progress in project implementation including preparation of annual programs, procurement, physical achievements, and expenditures.

3. The Borrower shall cause each selected Kabupaten to (a) by December 31, 1992 and December 31, 1993 prepare and submit, for the Bank's review and comments, its annual road maintenance program for the fiscal years 1993-94 and 1994-95 respectively in accordance with criteria and methodology agreed to by the Bank, and (b) finalize and implement the said annual road maintenance program taking into account the comments, if any, by the Bank.

4. The Borrower shall cause each selected Kabupaten to (a) by December 31, 1992 and December 31, 1993, prepare and submit, for the Bank's review and comments, its annual rehabilitation and improvement works program in respect of the Project for the fiscal years 1993-94 and 1994-95 respectively in accordance with criteria and methodology agreed to by the Bank, and (b) finalize and implement the said annual rehabilitation and improvement works program taking into account the comments, if any, by the Bank.

5. The Borrower shall select Sub-projects for the selected Kabupatens in accordance with criteria and procedures (including environmental assessment therefor) satisfactory to the Bank.

6. The Borrower shall, (a) by June 30, 1993, December 31, 1993, and December 31, 1994, prepare and submit for the Bank's review and comments, its annual program for in-house delivery of training programs for the fiscal years 1993-94, 1994-95, and 1995-96 respectively, and (b) finalize and implement the said annual program

taking into account the comments, if any, by the Bank.

7. The Borrower shall carry out Part B.1 of the Project in accordance with procedures satisfactory to the Bank.

#### SCHEDULE 6

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1, 2, 3, 4 and 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 \$15,000,000 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

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

