

CONFORMED COPY

AGREEMENT RELATED TO CREDIT NUMBER 2488 LA

NORWEGIAN GRANT AGREEMENT

(Education Development Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
As Administrator of development aid funds provided by
The Royal Ministry of Foreign Affairs of the
Kingdom of Norway

Dated December 08, 1993

AGREEMENT RELATED TO CREDIT NUMBER 2488 LA

NORWEGIAN GRANT AGREEMENT

AGREEMENT, dated December 08, 1993, between LAO PEOPLE'S DEMOCRATIC REPUBLIC (the "Grantee") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association") acting as Administrator (the "Administrator") of the Norwegian Grant (as hereinafter defined) provided by the Royal Ministry of Foreign Affairs of the Kingdom of Norway ("Norway").

WHEREAS: (A) The Grantee has requested the assistance of the Association and Norway in the financing of its Education Development Project (the "Project") described in Schedule 2 to this Agreement;

WHEREAS: (B) Norway has agreed to make available a grant (the "Norwegian Grant") through the Administrator to the Grantee to assist in financing the printing of new primary and lower secondary education textbooks, and training and technical assistance for publishing and distribution of instructional materials, and development of a system for the provision of school supplies under Part A.1 of the Project, on the terms and conditions hereinafter set forth;

WHEREAS: (C) By an agreement between Norway and the Association (the "Administration Agreement"), Norway has requested the Association, and the Association has accepted, to administer the Norwegian Grant in accordance with the provisions, of the Administration Agreement;

WHEREAS: (D) The Grantee acknowledges that the financial assistance extended to the Grantee under this agreement (the "Norwegian Grant Agreement") shall be considered as part of the bilateral development aid extended by Norway to the Grantee; and

WHEREAS: (E) The Administrator has agreed on the basis, inter alia, of the foregoing to extend the Norwegian Grant to the Grantee in support of the Project, 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 Development Credit Agreements of the Association, dated January 1, 1985 (the "General Conditions") constitute an integral part of this Agreement subject, however, to the following modifications thereof:

(a) The term "Association", whenever used in the General Conditions, means the International Development Association acting as Administrator of the Norwegian Grant pursuant to the Administration Agreement, except in the phrase "member of the Association" in Sections 2.01 (5), 4.02 (b) and 6.02 (e);

(b) The term "Development Credit Agreement", whenever used in the General Conditions, means the Norwegian Grant Agreement;

(c) The term "Credit", whenever used in the General Conditions, means the Norwegian Grant;

(d) The term "Credit Account", whenever used in the General Conditions, means the trust account opened by the Administrator in its books in the name of the Grantee to which the amount of the Norwegian Grant is credited (the "Trust Account");

(e) In Section 6.02 the term "Association" shall also include the Association acting in its own capacity;

(f) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date, or such later date as may be agreed for this purpose between the Grantee and the Administrator, the Grantee shall prepare and furnish to the Administrator a report of such scope and in such detail as the Administrator shall reasonably request, on the execution of the Project referred to in the Preamble to the Norwegian Grant Agreement, the performance by the Grantee and the Administrator of their respective obligations under the Norwegian Grant Agreement and the accomplishment of the purposes of the Norwegian Grant."; and

(g) Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), and Article XII are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Administration Agreement, and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "MOE" means the Borrower's Ministry of Education

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

(c) "Norwegian Kroner" or "NOK" means the currency of Norway.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Grantee, on the terms and conditions herein set forth or referred to, a grant in an amount of twenty-one million Norwegian Kroner (NOK 21,000,000) as such amount shall have been made available by Norway to the Administrator pursuant to the Administration Agreement.

Section 2.02. (a) The amount of the Norwegian Grant may be withdrawn from the Trust Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Grantee and the Administrator for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of the goods and services required for Part A.1 of the Project.

(b) Notwithstanding the provisions of paragraph (a) above, no withdrawals shall be made in respect of payments for taxes levied by, or in the territory of, the Grantee on goods and services or in the importation, manufacture, procurement or supply thereof.

(c) The Grantee shall, for the purposes of the Project, open and maintain in dollars a special deposit account (the "Norwegian Special Account") in the Banque pour le Commerce Exterieur Lao (the "BCEL") on terms and conditions satisfactory to the Administrator, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Norwegian Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Grantee of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Grantee declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through MOE with due diligence and efficiency and in conformity with appropriate administrative, educational, engineering and financial 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 Grantee and the Association shall otherwise agree, the Grantee shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for carrying out Part A.1 of the Project and to be financed out of the proceeds of the Norwegian Grant shall be governed by the provisions of Schedule 3 to this Agreement.

(b) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in Schedule 3 to this Agreement, no expenditures for such item shall be financed out of the proceeds of the Norwegian Grant, and the Administrator may, without in any way restricting or limiting any other right, power or remedy of the Administrator under this Agreement, by notice to the Grantee, cancel such amount of the Norwegian Grant as, in the Administrator's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Norwegian Grant.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Grantee shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Part A.1 of the Project of the departments or agencies of the Grantee responsible for carrying out such part of the Project or any part thereof.

(b) The Grantee shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Norwegian Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator, as soon as available, but in any case not later than nine 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 Administrator shall have reasonable requested; and
- (iii) furnish to the Administrator such other information concerning

said records, accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Trust Account were made on the basis of statements of expenditure, the Grantee 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 (1) year after the Administrator has received the audit for the fiscal year in which the last withdrawal from the Trust Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Administrators representatives to examine such records; and
- (iv) ensure that said accounts and records 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

Effectiveness; Transfer of Rights and Obligations

Section 5.01. This Agreement shall become effective as of the date first above written or the date of the Administration Agreement, whichever is the later, and shall continue in effect until the Norwegian Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations under this Agreement.

Section 5.02. In accordance with the provisions of the Administration Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Norway. The Grantee accepts and agrees that, upon notice by the Administrator to the Grantee to that effect, Norway shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if Norway had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations as a party under this Agreement.

ARTICLE VI

Representative of the Grantee; Addresses

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

Section 6.02. The following addresses are specified for the purposes of Section 11.0. of the General Conditions:

For the Grantee:

Minister of Finance
Ministry of Finance
P.O. Box 46
Vientiane
Lao People's Democratic Republic

Cable address:

MINFINANCE
VIENTIANE

Telex:

4353 MEPF VTE LS

For the Administrator:

International Development Association
1818 H Street, N.W
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

199688 (TRT),
248423 (RCA),
64145 (WUI) or
197688 (TRT).

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By /s/ Hiem Phommchanh

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Norwegian Grant

By /s/ Gautam S. Kaji

Regional Vice President
East Asia and Pacific

Schedule 1

Withdrawal of the Proceeds of the Grant

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

Category	Amount of the Grant Allocated (Expressed in NOK Equivalent	% of Expenditures to be Financed
(1) Printing of text books under part A(1) (b) of the project	16,100,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally.
(2) Technical Assistance and training under Part A(1) (b) of the project	4,200,000	100%
(3) Unallocated	700,000	
TOTAL	21,000,000	

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 Grantee for goods or services supplied from the territory of any country other than that of the Grantee; and

(b) The term "local expenditures" means expenditures in the currency of the Grantee or for goods or services supplied from the territory of the Grantee.

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.

Schedule 2

Description of the Project

The objectives of the Project are to assist the Grantee to: (a) improve student and teacher performances in primary and lower secondary education; (b) develop mechanisms for the provision of educational facilities for primary and lower secondary education; (c) promote efficiency in the allocation and use of resources in the education sector; and (d) provide effective delivery of basic education services.

The Project consists of the following parts, subject to such modifications thereof as the Grantee and the Association may agree upon from time to time to achieve such objectives:

Part A: Curriculum Development and Pedagogical Support

1. (a) Curriculum development and development of instructional materials, including the provision of MOE staff training and technical assistance therefore.

(b) Publishing, printing and distribution of instructional materials, and development of a system for the provision of school supplies, including the provision of MOE staff training and technical assistance therefore.

2. Provision of school teacher training for implementation of the curriculum developed under Part A.1 of the Project:

3. Establishment of a corps of pedagogical advisers for primary education, and of teacher advisers for lower secondary education.

4. Provision of training and educational materials to support the establishment of professional networks of teachers and principals of neighboring primary schools.

5. Carrying out of a study on Lao language teaching and schooling needs for ethnic minority children.

6. Introduction of continuous student progression and evaluation systems in primary schools; review of student assessment and examination systems in primary and secondary education; and organization of multi-grade classes at the primary level.

Part B: School Infrastructure

1. Reconstruction of about three hundred and ninety (390) primary schools in Vientiane Prefecture and in the Grantee's provinces of Saravane, Savannakhet, Vientiane, Xieng Khouang, Luang Prabang and Luang Namtha, and of about thirty-four (34) lower secondary schools country-wide.

2. Strengthening of the Grantee's educational, administration capacity for construction, rehabilitation and maintenance of education facilities through, inter alia, the: (a) enhancement of the School Construction Service Unit; (b) establishment of Provincial Units for Construction Assistance; and (c) provision of facilities, equipment and technical assistance therefore.

Part C: Planning, Monitoring and Evaluation

1. Development of a data collection and analysis system to enhance planning and management of the education sector, including school database, instructional materials database, school maps, inventory of school facilities, furniture and equipment, and personnel inventory of teaching and administrative staff.

2. Carrying out of studies to assess: (a) educational outcomes, including rates and

patterns of student attendance and achievement; (b) factors affecting school and student performance; and (c) cost-effectiveness of specific educational policies.

Part D: Educational Administration and Management

1. Strengthening of MOE capacities in financial and personnel management through provision of staff training and technical assistance.
2. Development of plans to improve the structures and procedures of the Grantee's educational administration, including provision of technical assistance.
3. Carrying out of an institutional assessment of local and school administrations, including staff training and provision of technical assistance.
4. Rehabilitation and construction of about 130 administrative facilities of MOE at the central, provincial and district levels, including provision of furniture and equipment.
5. Development and implementation of a policy for establishing efficient student-teacher ratios in primary and secondary education.

The Project is expected to be completed by June 30, 1999.

Schedule 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

1. Printing of new primary and lower secondary education textbooks under Part A.1 of the Project (the "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 1992 (the "Guidelines"). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two pre-disclosed correction factors acceptable to the Administrator, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

2. To the extent practicable, contracts for Goods shall be grouped into bid packages each estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or more.

Part B: Preference for Domestic Manufacturers

In the procurement of Goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in the Lao People's Democratic Republic 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: Review by the Administrator of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to all contracts for Goods estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or more 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 Norwegian Special Account, such procedures shall be modified to ensure that the two (2) conformed copies of the contract required to be furnished to the Administrator pursuant to said paragraph 2 (d) shall be furnished to the Administrator prior to the making of the first payment out of the Norwegian 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 Norwegian Special Account, such procedures shall be modified to ensure that the two (2) conformed copies of the contract together with the other information required to be furnished to the Administrator pursuant to said paragraph 3 shall be furnished to the Administrator as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Trust Account are to be made on the basis of statements of expenditure.

2. The figure of ten percent (10%) is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Grantee in carrying out the training and technical assistance for publishing and distribution of instructional materials, and development of a system for the provision of school supplies under Part A.1 of the Project, the Grantee shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Administrator. Such consultants shall be selected in accordance with procedures satisfactory to the Administrator 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 (the "Consultant Guidelines").

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Administrator review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation, reports and contracts shall not apply to contracts estimated to cost less than the equivalent of one hundred thousand dollars (\$100,000) per contract. However, this exception to prior Administrator review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Administrator and to the amendments of contracts raising the contract value to the equivalent of one hundred thousand dollars (\$100,000) or more.

Schedule 4

Implementation Program

1. The Grantee shall carry out the Project in accordance with work programs and time-tables satisfactory to the Administrator. For such purposes, on April 15 of each year, commencing on April 15, 1994, the Grantee shall prepare and furnish to the Administrator, for its approval, a proposed annual work program and time-table for Project implementation during the Grantee's following fiscal year, and thereafter adopt and implement such work program and time-table as so approved.

2. On April 15 of each year, commencing on April 15, 1994, the Grantee shall furnish to the Administrator, for its review and comments, its proposed budgetary allocations for the education sector in the Grantee's following fiscal year, and thereafter, taking into account the Administrator's comments, make the required budgetary allocations.

3. The Grantee shall maintain within MOE the Project Support Unit (the "PSU") headed by an experienced and qualified officer, and vest it with such responsibilities, funds and staff as shall be required to enable the PSU to undertake the overall coordination of the Project. For such purposes, the Grantee shall, by December 31, 1993, employ and thereafter assign to the PSU, as a minimum, the following staff: a Project Director, two Project Coordinators, an office Manager and an Assistant manager. In addition and pursuant to Section II of Schedule 3 to this Agreement, the Grantee shall, by December 31, 1993 and until the completion of the Project, employ and assign to the PSU a Project Adviser.

4. The Grantee shall maintain within MOE the School Construction Service Unit (the "SCSU"), headed by an experienced and qualified officer, and vest it with such responsibilities, funds and staff as shall be required to enable the SCSU to plan and manage the investment program for the construction of schools and administrative facilities under the Project. For such purposes, the Grantee shall employ and thereafter assign to the SCSU, as a minimum, the following staff: (a) by December 31, 1993, an architect or civil works technician, an engineer, a draftsman, a procurement

manager, an accountant and a construction supervisor; and (b) by October 31, 1995, four additional construction supervisors of whom two shall be employed by July 31, 1994.

5. By December 31, 1993, the Grantee shall vest the Instructional Materials Unit (the "IMU"), within MOE with the responsibility for planning and supervision of the production and distribution of the, instructional materials provided under the Project. For such purposes, the Grantee shall maintain the IMU headed by an experienced and qualified officer, and provide it with such funds and staff as shall be required to enable the IMU to adequately undertake its aforesaid responsibilities.

6. The Grantee shall, pursuant to a time-table satisfactory to the Administrator, establish and, thereafter, maintain a Provincial Unit for Construction Assistance (the "PUCA") in each of its administrative provinces of Saravane, Savannakhet, Vientiane, Xieng Ihouang, Luang Prabang and Luang Namtha, headed by an experienced and qualified officer, and vest each PUCA with such responsibilities, funds and staff as shall be required to enable each of them to preserve community-based primary school rehabilitation and construction.

7. The Grantee shall, by June 30, 1994, assign three pedagogical advisers to each of the Grantee's District Education and Sports Service and, by June 30, 1996, assign eight teacher advisers to each of the Grantee's Provincial Education and Sports Service.

8. On April 15 and October 15 of each year, commencing on April 15, 1994, the Grantee shall prepare and furnish to the Administrator semi-annual reports on progress in Project implementation. In addition, on April 15, 1996, the Grantee shall, in consultation with the Administrator, carry out a mid-term review of Project implementation.

Schedule 5

Norwegian Special Account

1. For the purposes of this Schedule:

(a) The term "Category" means the Categories 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 to be financed out of the proceeds of the Grant; and

(c) The term "Authorized Allocation" means an amount equivalent to one hundred fifty thousand dollars (\$150,000) to be withdrawn from the Trust Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule.

2. Except as the Administrator shall otherwise agree, payments out of the Norwegian Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Administrator has received evidence satisfactory to the Administrator that the Norwegian Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Norwegian Special Account may be made as follows:

(a) On the basis of a request or requests by the Grantee for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Administrator shall, on behalf of the Grantee, deposit into the Norwegian Special Account such amount or amounts out of the proceeds of the Grant as the Grantee shall have requested.

(b) The Grantee shall furnish to the Administrator requests for replenishment of the Norwegian Special Account at such intervals as the Administrator shall specify. On the basis of such requests, the Administrator shall deposit into the Norwegian Special Account such amounts out of the proceeds of the Grant as shall be required to replenish the Norwegian Special Account with amounts not exceeding the amount of payments made out of the Norwegian Special Account for Eligible Expenditures. Each such deposit shall be made by the Administrator in the respective equivalent amount, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

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

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

- (i) the Administrator shall have determined that all further withdrawals of the Grant proceeds should be made directly to the Grantee; or
- (ii) the total unwithdrawn amount of the Grant shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawals of the Grant proceeds remaining unwithdrawn shall follow such procedures as the Administrator shall specify by notice to the Grantee. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the Norwegian Special Account as of the date of such notice have been or will be utilized in making payments for Eligible Expenditures.

6. If the Administrator shall have determined at any time that any payment out of the Norwegian Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Grantee shall, promptly upon notice from the Administrator, deposit into the Norwegian Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Administrator into the Norwegian Special Account shall be made until the Grantee has made such deposit or refund.

7. If the Administrator shall have determined at any time that any amount outstanding in the Norwegian Special Account will not be required to cover further payments for Eligible Expenditures, the Grantee shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount which will be added to the unwithdrawn amount of the Grant.

