

CONFORMED COPY

LOAN NUMBER 3828 KO

Loan Agreement

(Pusan Urban Transport Management Project)

between

REPUBLIC OF KOREA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 3, 1995

LOAN NUMBER 3828 KO

LOAN AGREEMENT

AGREEMENT, dated March 3, 1995, between REPUBLIC OF KOREA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) Parts A and C (ii) of the Project will be carried out by Pusan City with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Pusan City a portion of the proceeds of the Loan as provided in this Agreement; and

(C) Part B of the Project will be carried out by Pusan Urban Transit Authority (PUTA) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to PUTA a portion of 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 Pusan City Project Agreement of even date herewith between the Bank and Pusan City and in the PUTA Project Agreement of even date herewith between the Bank and PUTA;

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) "MOT" means the Borrower's Ministry of Transport;

(b) "Pusan City Project Agreement" means the agreement between the Bank and Pusan City 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 Pusan City Project Agreement;

(c) "Pusan City Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Pusan City pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Pusan City Subsidiary Loan Agreement, and the term Pusan Subsidiary Loan means the loan provided therein;

(d) "PUTA Project Agreement" means the agreement between the Bank and Pusan Urban Transit Authority 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 PUTA Project Agreement;

(e) "PUTA Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and PUTA pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PTUC Subsidiary Loan Agreement, and the term PUTA Subsidiary Loan means the loan provided therein;

(f) "PUTA" means Pusan Urban Transit Authority, established and operating pursuant to the Borrower's Law No 3960 dated November 28, 1987 (hereinafter the "PUTA Legislation"), and its Articles of Incorporation dated July 1, 1988 (hereinafter the "PUTA Charter"); and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred million dollars (\$100,000,000), 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, works 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 Part A of the Project, open and maintain in dollars a special deposit account in the Korea Exchange Bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. 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 per cent (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 June 15 and December 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:

- (i) shall carry out Parts A and C (ii) of the Project through Pusan City, Part B thereto through PUTA and Part C (i) thereto through MOT, all with due diligence and efficiency and in conformity with appropriate administrative, engineering, transport, environmental and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project; and
- (ii) without limitation or restriction upon any of its other obligations under the Loan Agreement, the Borrower shall cause Pusan City and PUTA to perform all their obligations set forth in the Pusan City Project Agreement and the PUTA Project Agreement, respectively, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Pusan City and PUTA to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(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 on April 30 of each year, commencing on April 30, 1995, and thereafter, furnish to the Bank annual progress reports on the carrying out of the training programs for MOT staff under Part C of the Project.

(c) The Borrower shall relend to Pusan City the equivalent in Dollars (determined on the date or respective dates of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn or paid out on account of expenditures for Part A of the Project to be financed out of the proceeds of the Loan allocated from time to time to Categories 1, 2 and 4(a) of Schedule 1 to this Agreement in an aggregate amount not to exceed \$17,500,000 equivalent, under a subsidiary loan agreement to be entered into between the Borrower and Pusan City, under terms and conditions which shall have been approved by the Bank including the principal terms and conditions specified in paragraph (e) of this Section;

(d) The Borrower shall relend to PUTA the equivalent in Dollars (determined on the date or respective dates of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn or paid out on account of the cost of goods and services for Part B of the Project to be financed out of the proceeds of the Loan allocated from time to time to Categories 3 and 4(b) of Schedule 1 to this Agreement in an aggregate amount not to exceed \$82,500,000 equivalent, under a subsidiary loan agreement to be entered into between the Borrower and PUTA, under terms and conditions which shall have been approved by the Bank including the principal terms and conditions specified in paragraph (e) of this Section:

(e) Each of Pusan City and PUTA shall:

(i) pay interest on the principal amount of its Subsidiary Loan withdrawn and outstanding from time to time, at a rate per annum equal to the rate applicable from time to time to the Loan pursuant to Section 2.05 of this Agreement;

(ii) pay a commitment charge on the principal amount of its Subsidiary Loan not withdrawn from time to time equal to the charge applicable from time to time to the Loan pursuant to Section 2.04 of this Agreement;

and

(iii) repay the principal amount of its Subsidiary Loan within 15 years, including five years of grace.

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

Section 3.02. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of: (a) Part A of the Project shall be carried out by Pusan City pursuant to Section 2.03 of the Pusan City Project Agreement; and (b) Part B of the Project shall be carried out by PUTA pursuant to Section 2.03 of the PUTA Project Agreement.

Section 3.03. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan, of such scope and in such detail as the Bank shall reasonably request, for the future operation of the Project;

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Bank's comments thereon.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

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

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

(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 either Pusan City or PUTA will be able to perform its obligations under the Pusan City Project Agreement or the PUTA Project Agreement, respectively.

(d) Either the PUTA Legislation or the PUTA Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of PUTA to perform any of its obligations under the Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of either Pusan City or PUTA or for the suspension of their operations.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower;

(b) any event specified in paragraphs (d) and (e) of Section 4.01 of this Agreement shall occur.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Pusan City Subsidiary Loan Agreement has been executed on behalf of the Borrower and Pusan City; and

(b) the PUTA Subsidiary Loan Agreement has been executed on behalf of the Borrower and PUTA.

Section 5.02. 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 Pusan City Project Agreement has been duly authorized or ratified by Pusan City, and is legally binding upon Pusan City in accordance with its terms;

(b) that the PUTA Project Agreement has been duly

authorized or ratified by PUTA, and is legally binding upon PUTA in accordance with its terms;

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

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

Section 5.03. 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 VI

Representatives 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:

Ministry of Finance
Kwachon
Korea

Cable address:

MOF
Kwanchon, Korea

Telex:

K23243

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

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 KOREA

By /s/ Shin Myoung Ho

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Russell Cheetham

Regional Vice President
East Asia and Pacific

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works under Part A of the Project	16,000,000	32%
(2) Traffic Management equipment under Part A of the Project	500,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally
(3) Rail cars for Phase I/Line 2 under Part B of the Project	82,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally
(4) Technical Assistance:		
(a) under Part A of the Project	1,000,000	100%
(b) under Part B of the Project	500,000	100%
TOTAL	<hr/> 100,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from

the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures 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 under contracts for: (a) goods not exceeding \$200,000 equivalent; (b) services not exceeding \$100,000 equivalent; and (c) civil works not exceeding \$2,000,000 equivalent, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower to promote the effectiveness of an urban rail transit system in Pusan City, through demand management measures and modal integration and policy reforms in areas of public parking and transit pricing.

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: Congestion Management

(i) Development and implementation of a transport demand management strategy and a policy of modal integration to encourage the use of public transport to and from the congested central areas of Pusan City, including the construction of passenger interchange and park-and-ride facilities in selected subway stations including those located at Nopo and Tongnae, and enhancing the performance of the existing bus system between Mandok-ro and Chungyol-ro.

(ii) Carrying out of a study of transport demand management and transport system management in Pusan City for the period 1996-2001.

Part B: Expansion of Pusan Urban Transit System Capacity

(i) Enhancement of the capacity of Pusan City Subway System through the provision of about 52 subway cars for Line 1 and of about 258 subway cars for Phase I/Line 2.

(ii) Carrying out of a study of an appropriate bus and subway fare structure for Pusan City.

(iii) Carrying out of a study to identify alternative long-term financing strategies for undertaking subway projects in Pusan City.

Part C: Institutional Development

Strengthening the institutional capacity of the Borrower's central and local transport agencies through:

(i) the carrying out of training programs, including (A) a national training program on transport planning, transport economics and finance, investment planning and project appraisal, project management and monitoring, public transport operations, transport demand management and legal and regulatory framework for transport; (B) an overseas training program to master degree level in transportation; and (C) training of MOT staff in transport management practices and procedures; and

(ii) provision of technical assistance to the Transportation Planning Division of Pusan City.

* * *

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 June 15 and December 15	
beginning June 15, 2000 through June 15, 2009	\$5,000,000
and on December 15, 2009	\$5,000,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

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	0.20
More than three years but not more than six years before maturity	0.40

More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means the Categories 1, 2 and 4(a) 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 Parts A and B of 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 \$1,000,000 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 \$300,000 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 \$5,000,000.

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 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;

(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 for Part A of the Project, 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 Part A of 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 for Part A of the Project 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.

