

CONFORMED COPY

LOAN NUMBER 3266 AL

(Science and Technology University Development Project)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated February 27, 1991

LOAN NUMBER 3266 AL

LOAN AGREEMENT

AGREEMENT, dated February 27, 1991, between DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (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; and

WHEREAS (B) 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 last sentence of Section 3.02 deleted (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 have the respective meanings therein set forth, and the following additional terms have the following meanings:

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

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

(c) "Bank of Algeria" means the Borrower's Central Bank (Banque d'Algerie), established and operating pursuant to the Borrower's Law No. 90-10, dated April 14, 1990;

(d) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period coincides with the calendar year commencing January 1 and ending December 31;

(e) "Ministry" means the Borrower's Ministry of Universities (Ministcre aux Universites), established pursuant to the Borrower's Decree No. 89-178, dated July 16, 1989, as amended by the Borrower's Presidential Decree No. 90-224, dated July 25, 1990;

(f) "DIE" means the Ministry's Directorate of Infrastructure and Equipment (Direction des Infrastructures et des Equipements) referred to in Section 3.03 of this Agreement;

(g) "Investment Proposal" means an investment proposal included under Part A of the Project, and to be financed in part out of the proceeds of the Loan in accordance with the terms and conditions set forth in Section 3.04 of this Agreement;

(h) "Operational Manual" means the operational manual (Manuel d'Operations) to be prepared by the Borrower for appraising, processing, financing and monitoring the carrying out of an Investment Proposal, pursuant to the provisions of Section 3.05 of this Agreement;

(i) "UC" means the Borrower's University of Constantine (Universite de Constantine), established and operating pursuant to the Borrower's Ordinance No. 69-54, dated June 17, 1969;

(j) "USTHB" means the Borrower's University of Sciences and Technology of Algiers (Universite des Sciences et de la Technologie Houari Boumediene), established pursuant to the Borrower's Ordinance No. 74-50, dated April 25, 1974;

(k) "USTO" means the Borrower's University of Science and Technology of Oran (Universite des Sciences et de la Technologie d'Oran), established pursuant to the Borrower's Ordinance No. 75-27, dated April 29, 1975;

(l) "Universities" means collectively UC, USTHB and USTO, and the term "University" means any one of said Universities; and

(m) "University Development Plans" means collectively each of the medium-term development plans for decentralizing and improving the management and administration of the operations, and for improving the quality and efficiency of the teaching and research programs, of each of UC, USTHB and USTO, respectively, as approved by the Ministry.

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 this Agreement, various currencies that shall have an aggregate value equivalent to the amount of sixty-five million dollars (\$65,000,000), 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 dollars a special deposit account in the Bank of Algeria 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 5 to this Agreement.

Section 2.03. The Closing Date shall be June 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 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 January 15 and July 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. 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 through the Ministry with due diligence and efficiency, and in conformity with appropriate administrative, financial, economic, academic and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) Without any limitation or restriction upon the provisions of Section 3.01 of this Agreement, the Borrower shall carry out, or cause to be carried out, the University Development Plans with due diligence and efficiency, and at all times take all necessary measures to achieve the objectives thereof.

(b) Not later than June 30 of each Fiscal Year, beginning with the Fiscal Year ending December 31, 1991, representatives of the Borrower and the Universities shall meet with representatives of the Bank with the purposes of reviewing the progress achieved by the Borrower and the Universities, during the period covered by the review, in carrying out the University Development Plans.

Section 3.03. The Borrower shall ensure, or cause to be ensured, that the Ministry's directorate responsible for the valorization of investments, the Directorate of Infrastructure and Equipment (the DIE), assisted by the Review Committee and Scientific Advisory Council established by the Borrower within the Ministry, shall at all times be responsible for supervising and coordinating the overall day-to-day administration and implementation of the Project.

Section 3.04. For purposes of carrying out Part A.1 of the Project, the Borrower shall cause the DIE to identify and appraise each Investment Proposal, based on a methodology and procedures acceptable to the Bank, which methodology and procedures shall include, inter alia, the following terms and conditions: the DIE shall determine the estimated value of each Investment Proposal, and shall obtain the prior written approval of the Bank for: (i) each Investment Proposal whose value is equal to or exceeds the equivalent of one million five hundred thousand dollars (\$1,500,000); and (ii) each Investment Proposal for each University whose value is less than the equivalent of one million five hundred thousand dollars (\$1,500,000) and which has been approved by the DIE, when aggregated for the University in question does not exceed the equivalent of eight million dollars (\$8,000,000).

Section 3.05. The Borrower, through the DIE, shall prepare, under terms of reference satisfactory to the Bank, and thereafter furnish to the Bank an operational manual (the Operational Manual) setting forth the terms and conditions and related procedures for appraising, contracting, processing, financing and monitoring the carrying out of the Investment Proposals. The DIE shall review each Investment Proposal submitted to it by the Universities in accordance with the terms, conditions and procedures set forth in the Operational Manual, which Manual may be modified, from time to time, on a basis and in a manner which shall be acceptable to both the Bank and the Borrower.

Section 3.06. Except as the Bank shall otherwise agree, procurement of the goods 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.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower 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 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 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; 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 (1) year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan 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

Remedies of the Bank

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

(a) That the Borrower, or any authority having jurisdiction, shall have taken any action for the dissolution or disestablishment of UC, USTHB or USTO, or for the suspension of the operations of any one or all of them.

(b) Any of the decrees referred to in Sections 1.02 (i), (j) and (k) of this Agreement, establishing UC, USTHB and USTO, respectively, shall have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the carrying out of the Project, or any part thereof.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that any of the events specified in 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.

ARTICLE VI

Effective Date

Section 6.01. The date ninety (90) days after 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 Economy 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 Economy
Immeuble Mauretania
Place du Perou
Algiers
Democratic and Popular Republic of Algeria

Cable address: Telex:

FINPLAN 67073
Algiers

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

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.

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ A. Bensid

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ K. Dervis

Acting Regional Vice President
Europe, 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 Dollar Equivalent)	% of Expenditures to be Financed
(1) Goods and services (other than consul- tants' services in respect of Invest-	52,500,000	100% of foreign expenditures and 80% of local expenditures

ment Proposals)		
(2) Consultants' services, fellowships and training under Part B of the Project	6,300,000	100% of foreign expenditures
(3) Unallocated	6,200,000	
TOTAL	65,000,000	

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: (a) payments made for expenditures prior to the date of this Agreement; and (b) payments made for expenditures in respect of any Investment Proposal, unless the said Investment Proposal has been previously approved by the Bank, in accordance with the provisions of Section 3.04 of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in reforming its higher education system and strengthening the management of its education sector in general, including: (i) ensuring more autonomous university management and development; (ii) developing an institutional and operational framework for improving the quality, relevance and responsiveness of university education and for the allocation of related resources; and (iii) introducing a system of assessment and peer review of university performance within the Borrower's territory.

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:

1. Carrying out of selected Investment Proposals, under the University Development Plans, including, inter alia:

(a) university staff development programs, including seminars on improved teaching methods, overseas training for academic, technical and managerial personnel and university exchange programs;

(b) construction and rehabilitation of laboratory and related teaching and research facilities;

(c) upgrading of library and computer facilities;

(d) maintenance of laboratory facilities and related equipment and materials; and

(e) acquisition and utilization of university educational equipment and materials, including laboratory equipment and library books and equipment needed to carry out said Investment Proposals.

Part B:

Carrying out of training programs, including training courses overseas, to strengthen the managerial capabilities of certain Ministry personnel and university management personnel in, inter alia, accounting, budget preparation and management, financial planning and academic planning.

* * * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 15 and July 15 beginning July 15, 1996 through July 15, 2007	2,710,000
On January 15, 2008	2,670,000

* 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) applic- able to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before	1.00

maturity

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

1. Except as provided in Part C 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).

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

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 territory of the Borrower 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. Limited international bidding:

Specialized equipment estimated to cost less than the equivalent of one million dollars (\$1,000,000) per contract, up to an aggregate amount not to exceed the equivalent of ten million dollars (\$10,000,000) may be procured through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three (3) qualified suppliers eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. International and local shopping:

Sundry equipment estimated to cost less than the equivalent of one hundred and fifty thousand dollars (\$150,000) per contract, up to an aggregate amount not to exceed the equivalent of two million dollars (\$2,000,000), may be procured through international or local shopping on the basis of comparison of price quotations solicited from a list of at least three (3) suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Direct contracting:

Contracts for the procurement of books through direct contracting with publishers, up to an aggregate amount not to exceed the equivalent of nine million four hundred thousand dollars (\$9,400,000), shall be awarded on the basis of 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 goods estimated to cost the equivalent of three hundred and fifty thousand dollars (\$350,000) 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 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 the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of fifteen percent (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

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories 1 and 2 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 five million dollars (\$5,000,000) to be withdrawn from the Loan Account and deposited into 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.

