

August 30, 2001

His Excellency
DR. Boediono
Minister of Finance
Ministry of Finance
Jakarta, Indonesia

Dear Mr. Minister:

Re: Japan Social Development Fund Grant
for Squatter Settlements Pilot Assistance Project
Grant Number TF-026563

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank's agreement, as administrator of grant funds provided by Japan under the Japan Social Development Fund, to make a grant in an amount not exceeding two million one hundred sixty eight thousand United States dollars (US \$2,190,400) (the Grant) to the Republic of Indonesia (the Recipient).

The Grant is made in response to the Recipient's request for financial assistance with the project described in paragraph 1 of the Annex to this Letter Agreement (the Project) and on the terms and conditions set forth in the said Annex. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said Project and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Mark Baird
Country Director, Indonesia

AGREED:

REPUBLIC OF INDONESIA

By /s/ DR. Boediono
Minister of Finance

Date: August 30, 2001

ANNEX

Objectives, Terms, and Conditions of the Grant

1. Description of the Project

1.1. The objective of the Project is to assist the local governments of the Jakarta Metropolitan Area (DKI Jakarta and Kabupaten/Kotamadya Bogor, Tangerang and Bekasi) and the cities of Cirebon and Serang to provide assistance to squatter communities to improve the conditions in about thirty kelurahan. The assistance is complementary to the activities under the Recipient's Western Java and Jakarta Environmental Management Project.

1.2. The Project consists of the following Parts, each of which includes the

following activities (the Activities):

Part A: Program Facilitation

Carrying out of facilitation activities, including convening community meetings and inter-governmental and departmental meetings, placement of public notices in local media, provision of community liaison officers, and carrying out of workshops. The activities are estimated to cost the equivalent of US\$180,000.

Part B: Community Sub-Grants

Carrying out of small-scale, pilot investment projects in about 30 kelurahan to improve the conditions in such kelurahan through the provision of Sub-Grants to Grantees. The activities are estimated to cost the equivalent of US\$1,800,000.

Part C: Program Management Assistance

Carrying out of supervision of the pilot activities and provision of guidance to community organizations, including observation of community meetings and related activities, through provision of technical assistance. The activities are estimated to cost the equivalent of US\$50,400.

Part D: Monitoring and Evaluation and Research

Carrying out of random, statistically valid, surveys prior to and after completion of the pilot activities to measure such pilot's impact, through the provision of technical assistance. The activities are estimated to cost the equivalent of US\$160,000.

1.3. For purposes of this Letter Agreement the following terms, wherever used in this Letter Agreement, have the following meanings:

(a) "Affected Person" means a person who, on account of the execution of Part B of the Project, has or would have his or her: (i) standard of living adversely affected; (ii) right, title or interest in any house, land (including premises, agricultural land and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work, or place of residence or habitat adversely affected;

(b) "Grantee" and "Grantees" means a person and persons, respectively, responsible for the carrying out of a Sub-project under Part B of the Project;

(c) "Guidelines for Compensation and Resettlement" means the guidelines prepared by the Recipient, in agreement with the Bank, for the provision of compensation to Affected Persons as set forth in paragraph 2.6 of this Schedule and in the Project Manual, and as such Guidelines may be amended from time to time in agreement with the Bank;

(d) "Kabupaten" means a district;

(e) "Kimpraswil" means the Borrower's Ministry of Settlements and Regional Infrastructure;

(f) "Kotamadya" means an incorporated municipality;

(g) "Kelurahan" means a neighborhood or sub-district;

(h) "Project Manual" means the Project Manual to assist squatter communities in the implementation of Sub-projects through the description of, among others, procurement procedures and standard documentation, reporting requirements, the Project Performance Indicators, Guidelines for Compensation and Resettlement, environmental criteria applicable to Sub-project design, maintenance provisions for works to be carried out under the Sub-project and criteria for the selection of Sub-projects, as such Project Manual may be amended from time to time with the agreement of the Bank;

(i) "Sub-Grant" means a grant made available by the Recipient out of the proceeds of the Grant for a Sub-project under Part B of the Project;

(j) "Sub-project" means a specific investment project carried out under Part B of the Project and utilizing the proceeds of a Sub-Grant; and

(k) "Sub-project Implementation Agreement" means the agreement to be entered into among the relevant Grantee or Grantees, the relevant local government and the Recipient's Ministry of Settlements and Regional Infrastructure for purposes of implementing the activities under a Sub-project under Part B of the Project.

2. Implementation Generally

2.1. The Recipient shall: (a) carry out the Project through Kimpraswil with due diligence and efficiency; (b) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Project and the use of the proceeds of the Grant as the Bank shall reasonably request; (d) from time to time exchange views with the Bank's representatives on the progress and results of the Project; and (e) take all necessary measures required to enable the Bank to visit the territory of the Republic of Indonesia for purposes related to the Grant. Without limitation on the foregoing, the Recipient shall, if the Bank shall so request, prepare and furnish to the Bank promptly upon completion of the Project a report, in form and substance satisfactory to the Bank, on the results and impact of the Project.

2.2. The Recipient shall select Sub-projects in Kelurahan in accordance with the following criteria:

(a) each Sub-project proposed under Part B of the Project shall be an investment project which is technically, financially and environmentally viable, and economically justified by the number of people benefiting from it;

(b) the estimated cost of a proposed Sub-project shall be not more than \$30,000;

(c) no Sub-project shall: (i) include expenditures intended for a military or paramilitary purposes; (ii) include civil works for government administration or religious purposes, (iii) relate to the manufacture or use of environmentally hazardous products, arms or harmful or illegal drugs; or (iv) include the financing of government salaries.

2.3. In carrying out Part B of the Project the Recipient shall, through the designated offices of Kimpraswil, ensure that, prior to the carrying out of works under a Sub-project, the relevant local government shall have completed a technical review of such Sub-project and shall have confirmed the following:

(a) the criteria described in paragraph 2.2 of this Schedule have been complied with;

(b) appropriate engineering and environmental standards and practices that would minimize any acquisition of land, avoid involuntary resettlement of Affected Persons, and avoid or minimize any negative environmental impact, have been considered in the design of the Sub-project in accordance with the Project Manual;

(c) the Guidelines for Compensation and Resettlement have been complied with, and, if applicable, appropriate compensation arrangements have been completed and are satisfactory to the Affected Persons as set forth under the Guidelines for Compensation and Resettlement and paragraph 2.6 of this Schedule;

(d) a Sub-project Implementation Agreement has been entered into and an implementation plan for the Sub-project has been prepared in accordance with the provisions of the Project Manual; and

(f) a maintenance program for the works to be carried out under the

Sub-project has been prepared in accordance with terms acceptable to the Bank and has been included in the Sub-project Implementation Agreement, which shall include assignment of maintenance responsibilities in the respective Kelurahan, the preparation of training programs to strengthen the maintenance capabilities of the Kelurahan, and the identification of available sources of financing to carry out such programs.

2.4. In carrying out Part B of the Project, the Recipient shall:

(a) ensure that the respective Grantees carry out the Sub-projects selected pursuant to paragraph 2.2 of this Schedule in accordance with the Project Manual and the respective Sub-project Implementation Agreements;

(b) ensure that, until completion of the Project, the Project Manual is made available to squatter communities and applied in the carrying out of Sub-projects; and

(c) periodically update the Project Manual, as needed.

2.5. The Recipient shall ensure that:

(a) each Sub-project is reviewed by the Project oversight staff upon completion and that a certificate of Sub-project completion is issued by the Project oversight staff upon a finding of satisfactory Sub-project completion in accordance with the Project Manual and the approved designs; and

(b) if there is a finding of unsatisfactory completion of a Sub-project, except for cases of force majeure, the respective local government shall recover the amounts disbursed under the respective Sub-Grant in accordance with community procedures acceptable to the Bank.

2.6. In carrying out Part B of the Project, the Recipient shall:

(a) take measures to avoid or minimize the acquisition of land or assets of residents of Kelurahans and to avoid the displacement of said residents;

(b) where the acquisition of land or assets or the displacement of residents is unavoidable under a proposed Sub-project, ensure that the respective local government shall, before the carrying out of the works which would result in such acquisition or displacement, make available to such residents, compensation in accordance with the Guidelines for Compensation and Resettlement; and

(c) in the event that two hundred or more residents are adversely affected by a Sub-project:

(i) prepare a resettlement plan in accordance with the Guidelines for Compensation and Resettlement and furnish such plan to the Bank for approval; and

(ii) prior to the carrying out of the Sub-project, ensure that all Affected Persons shall have been compensated in accordance with the provisions of said plan.

3. Procurement

3.1. 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 Grant shall be governed by the provisions of Attachment I to this Annex.

3.2. The Recipient shall ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Recipient shall ensure that any facilities relevant to the Project are at all times operated and maintained in accordance with appropriate

practices and that any repairs or renewals of such facilities are promptly made as needed.

4. Withdrawal of Grant Proceeds

4.1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (the Grant Account), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this Section 4, for 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 Grant.

4.2. The expenditures for the following Categories of items may be financed out of the proceeds of the Grant and shall be used exclusively in the carrying out of the Project:

Category	Amount of the Grant Allocated (in United States Dollars)	% of Expenditures to be Financed
(1) Sub-grants under Part B of the Project	1,800,000	100% of Sub-grant amount disbursed
(2) Consultants' services	390,400	100%
TOTAL	2,190,400	

4.3. Notwithstanding the provisions of paragraph 4.2 above:

(a) no withdrawals shall be made from the Grant Account: (i) for payments made for expenditures prior to the date of signature of this Letter Agreement by the Bank; (ii) on account of payments for any taxes levied by or in the territory of the Recipient; (iii) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in or works and services supplied from such territories; or (iv) for the purpose of any payment to persons or entities, or for any import of goods, works if such payment or import, to the Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(b) no withdrawals shall be made from the Grant Account for payments made for expenditures under Category (1) until the Recipient has issued the Project Manual acceptable to the Bank;

(c) no withdrawals shall be made from the Grant Account after July 31, 2003, or such later date that the Bank shall establish by notice to the Recipient (the Closing Date); and

(d) if, in the Bank's opinion, an amount of the Grant allocated to any of the items in the table in paragraph 4.2 above will be insufficient to finance the expenditures for such item, the Bank may, by written notice to the Recipient, reallocate to such item an amount of the Grant then allocated to another item which, in the Bank's opinion, will not be necessary to meet other expenditures.

4.4. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of such amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the Director General of Budget of the Ministry of Finance or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Project. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.5. The Bank may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for goods, works and services under contracts costing less than US\$50,000 equivalent each, under such terms and conditions as the Bank shall specify by notice to the Recipient.

4.6. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Letter Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

4.7. To facilitate the carrying out of the Project, the Recipient may open and maintain in United States dollars a special deposit account (the Special Account) in Bank Indonesia (the Central Bank) or in a commercial bank acceptable to the 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 Attachment II to this Annex.

5. Accounts and Audits

5.1. (a) The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures related to the Project.

(b) The Recipient shall: (i) have the records, accounts and financial statements referred to in subparagraph (a) above and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, 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 months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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, and concerning said auditors, as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall: (i) maintain or cause to be maintained, in accordance with subparagraph (a) above, 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 Grant 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 subparagraph (b) above 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.

6. Suspension and Cancellation

6.1. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; or (b) the right of the Recipient, or any other entity to which the Bank has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the Bank or any development credit agreement with the International Development Bank shall have been suspended.

6.2. The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient shall have failed to take action, satisfactory to the Bank, within six months after

the effective date hereof, to carry out the Project.

Attachment I

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997, and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the following provisions of Section I of this Schedule.

Part B: Procurement Procedures

1. National Shopping

Except as provided in paragraph 3 below, goods shall be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. Procurement of Small Works

Except as provided in paragraph 3 below, works shall be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

3. Community Participation

Goods and works required for Part A of the Project may be procured in accordance with procedures acceptable to the Bank.

Part C: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of

Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

Attachment II

Special Account

1. For the purposes of this Attachment:

(a) the term "eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 4.2 of the Annex to this Letter Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of paragraph 4.2 of the Annex to this Letter Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to US\$700,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Attachment.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Attachment.

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) The Recipient shall furnish to the Bank a request or requests for a deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient 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 Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Attachment 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 Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient 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 Grant Account under the eligible item(s), and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient 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 Attachment, 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 Recipient directly from the Grant Account;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in paragraph 5.1 (b) (ii) of the Annex to this Letter Agreement, any of the audit reports required to be furnished to the Bank pursuant to said paragraph 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 Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of paragraph 6.1 of the Annex to this Letter Agreement; or

(d) once the total unwithdrawn amount of the Grant shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawals from the Grant Account of the remaining unwithdrawn amount of the Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. 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 Attachment; or (ii) was not justified by the evidence furnished to the Bank, the Recipient 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 Recipient 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 Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

