GLOBAL ENVIRONMENT FACILITY TRUST FUND
GRANT AGREEMENT

(Klaipeda Geothermal Demonstration Project)

between

REPUBLIC OF LITHUANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as Implementing Agency of
the Global Environment Facility Trust Fund

Dated June 28, 1996

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated June 28, 1996, between REPUBLIC OF LITHUANIA (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (GEF Trust Fund) by certain members of the Bank, as participants of the GEF.

WHEREAS: (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements are continued in place on the basis set forth in Resolution No. 94-2 of the Executive Directors of the Bank, dated May 24, 1994, establishing the GEF Trust Fund;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested assistance from the resources of the GEF Trust Fund in the financing of the Project, and the Bank has determined that such assistance would be in accordance with Resolution No 94-2;

(E) the Recipient has also requested the Bank to provide additional financing towards the financing of the Project and by an agreement of even date herewith between the Recipient and the Bank, the
Bank has agreed to provide such assistance in an aggregate principal amount of five million nine hundred thousand Dollars ($5,900,000) (the Loan);

(F) the Recipient intends to contract from the Government of Denmark a grant (the Danish Grant) in an amount equivalent to two million five hundred thousand Dollars ($2,500,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the Danish Grant Agreement) to be entered into between the Recipient and the Government of Denmark;

(G) the Project will be carried out by Uzdaroji Akcine Bendrove "Geoterma" (EG) with the Recipient’s assistance and, as part of such assistance, the Recipient will make available to EG the proceeds of the GEF Trust Fund Grant as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient 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. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 1, 1985, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

(i) Article I;
(ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02, 2.03 and 2.04;
(iii) Section 3.01;
(iv) Section 4.01 and the first sentence of Section 4.09;
(v) Article V;
(vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
(vii) Section 8.01 (b);
(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
(ix) Sections 10.01, 10.03 and 10.04;
(x) Article XI; and
(xi) Section 12.04.

(b) The General Conditions shall be modified as follows:

(i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term 'Special Drawing Rights' and the symbol 'SDR' mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
(ii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
(iii) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
(iv) the term "Loan" and "loan" wherever used in the General Conditions, means the GEF Trust Fund Grant;
the second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Recipient shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank is prohibited by a decision of the United Nations Security Council, taken under Chapter VII of the Charter of the United Nations;"

the term "Loan Account" wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and

a new sub-paragraph is added after sub-paragraph (j) in Section 6.02 of the General Conditions, as follows: "an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF Trust Fund."

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

(a) "Decree No. 1609" means the Recipient’s Decree No. 1609 dated December 22, 1995, which grants to EG a permit to construct the geothermal demonstration plant and to supply KDHE with the heat so produced;

(b) "Enterprise Geoterma" or "EG" means Uzdaroji Akcine Bendrove "Geoterma" a closed joint stock company established and operating pursuant to Decree No. 1609, as the same may be amended from time to time, and registered at the Enterprise Registry of the Recipient on March 1, 1996 and any successor thereto;

(c) "KDHE" means Klaipeda District Heating Enterprise, organized as a branch of LPC pursuant to the Articles of Association of LPC dated December 4, 1995 and operating pursuant to By-laws dated January 24, 1995 and a general authorization from LPC dated December 20, 1995 and any successor thereto;

(d) "Loan Agreement" means the agreement of even date herewith between the Recipient and the Bank for the Project, as such agreement may be amended from time to time, and such term includes the "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, as applied to such agreement, and all schedules and agreements supplemental to the Loan Agreement;

(e) "LPC" means "AB Lietuvos Energija," the Lithuanian Power Company, established and operating pursuant to Articles of Association dated October 3, 1995, the Law on Joint Stock Companies No. I-528 dated July 5, 1994 and Law No. I-794 on Special Purpose Companies dated February 15, 1995 as the same may be amended from time to time, and the Decree of the Ministry of Energy No. 176 on Reorganization of the Lithuanian Power System into a Joint Stock Company, dated August 11, 1995, as the same may be amended from time to time;

(f) "PIP" means Project Implementation Plan agreed between the Recipient and the Bank on November 10, 1995, as the same may be amended from time to time, and referred to in Section 2.01 of the Project Agreement;

(g) "Project Agreement" means the agreement of even date herewith between the Bank and EG, as such agreement may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;
(h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(i) "EG Statutes" means the founding statutes, charter, articles of association and by-laws or other similar instrument of EG registered by EG with Vilnius City Council Register of Enterprises on March 1, 1996;

(j) "Shareholders’ Agreement" means the Shareholders’ Agreement dated February 15, 1996 between the Recipient and LPC as founding shareholders in EG;

(k) "Sub-grant Agreement" means the agreement to be entered into between the Recipient and EG pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Sub-grant Agreement; and

(m) "Take or Pay Contract" means the contract for purchase by KDHE from EG of the heat generated by EG, concluded between EG and KDHE on behalf of LPC on April 11, 1996, as the same may be amended from time to time, and referred to in Sections 3.05 and 5.01 (f) of this Agreement.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to four million six hundred thousand Special Drawing Rights (SDR 4,600,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant 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 carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in dollars a special deposit account 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 Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be July 31, 1999 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

Section 2.04. EG is designated as representative of the Borrower in respect of Part B of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under the GEF Trust Fund Grant Agreement, shall require EG to perform in accordance with the provisions of the Project Agreement all the obligations of EG therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable EG to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Recipient shall make the proceeds of the GEF Trust Fund Grant available to EG under a sub-grant agreement to be entered into
between the Recipient and EG under terms and conditions which shall have been approved by the Bank.

(c) The Recipient shall exercise its rights under the Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant, and, except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Sub-grant Agreement or any provision thereof.

Section 3.02. 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 GEF Trust Fund Grant shall be governed by the provisions of the Schedule to the Project Agreement.

Section 3.03. The Bank and the Recipient 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 the Project shall be carried out by EG pursuant to Section 2.03 of the Project Agreement.

Section 3.04. Without limitation upon the provisions of Section 3.01 (a) of this Agreement, during execution of the Project, the Recipient shall, through its Ministry of Energy, make available to EG annually on a grant basis the funds that shall have been determined by the Recipient and EG and agreed by the Bank to be sufficient to cover EG’s direct operating expenses, the said funds to be included in the annual budget of the Recipient’s Ministry of Energy.

Section 3.05. The Recipient shall, and shall cause LPC to, take all necessary measures to ensure that KDHE complies with its obligations under the Take or Pay Contract.

ARTICLE IV
Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipient shall:

(i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;

(ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made; and

(iii) enable the Bank’s representatives to examine such records.

(b) The Recipient shall:

(i) have the records and accounts referred to in paragraph (a) (i) of this Section and 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, including 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; 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.

ARTICLE V

Remedies of the Bank

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

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

(b) As a result of events which have occurred after the date of the GEF Trust Fund Grant Agreement, an extraordinary situation shall have arisen which shall make it improbable that EG will be able to perform its obligations under the Project Agreement.

(c) The EG Statutes shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of EG to perform any of its obligations under the Project Agreement.

(d) The Recipient or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of EG or for the suspension of its operations.

(e) Decree No. 1609 of the Recipient shall have been amended, canceled, abrogated, repealed or waived so as to affect materially and adversely the ability of EG to perform any of its obligations under the Project Agreement.

(f) The Take or Pay Contract shall have been amended, suspended, abrogated, terminated, waived or otherwise modified so as to affect materially and adversely the ability of EG to perform any of its obligations under the Project Agreement or otherwise meet the objectives of the Project.

(g) The Shareholders’ Agreement shall have been amended, suspended, abrogated, terminated, waived or otherwise modified so as to affect materially and adversely the ability of EG to perform any of its obligations under the Project Agreement or otherwise meet the objectives of the Project.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant Agreement:

(a) the Sub-grant Agreement has been executed on behalf of the Recipient and EG; and

(b) all conditions precedent to the effectiveness of the Loan Agreement and the Danish Grant Agreement have been fulfilled, other than those relating to the effectiveness of this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 2.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VII
Representatives of the Recipient; Addresses

Section 7.01. Except as provided in Section 2.04 of this Agreement, the Minister of Finance of the Recipient is designated as representative of the Recipient 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 Recipient:

Ministry of Finance
Sermuksniu 6
2696 Vilnius
Republic of Lithuania

Telex:
261252 FIMA SU

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
Telex:
197688 (TRT),
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.

REPUBLIC OF LITHUANIA

By /s/ Alfonsas Eidintas
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as Implementing Agency of the Global Environment Facility Trust Fund

By /s/ Basil Kavalsky
Acting Regional Vice President
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

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

Amount of the
1. GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent) % of Expenditures to be Financed

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditures</th>
<th>to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works under Part B of the Project</td>
<td>1,753,000</td>
<td>100% of foreign expenditures and 80% of local expenditures</td>
</tr>
<tr>
<td>Goods under Part B of the Project</td>
<td>2,740,000</td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures</td>
</tr>
<tr>
<td>Consultants’ Services under Part A of the Project</td>
<td>107,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

TOTAL: 4,600,000

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

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 460,000, may be made in respect of Categories (1), (2) and (3) on account of payments made for expenditures before that date but after January 1, 1996.

4. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

5. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures: (i) for goods and works under contracts not exceeding $250,000 equivalent; and (ii) for services under contracts costing less than $100,000 equivalent for the employment of consulting firms and under contracts costing less than $50,000 equivalent for the employment of individual consultants, under such terms and conditions as the Bank shall specify by notice to the Recipient.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) demonstrate the feasibility and value of using low temperature geothermal water as a renewable indigenous energy resource in district heating systems; (ii) reduce the emission of greenhouse gases and sulfur dioxide by replacing gas and heavy oil with geothermal energy; and (iii) promote sustainable management and the development of environmentally sound and non-polluting geothermal resources on a national and regional level.

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

Part A: Technical Assistance and Training

1. Design of the geothermal loop including all necessary equipment for extracting heat from the geothermal water and transferring it to the district heating system.

2. Preparation of detailed drilling, testing, and completing programs.

3. Management support for Project implementation, including support in preparing tender documents, and construction supervision.

4. Training of EG staff and management in the operation of a similar geothermal plant in Thisted, Denmark, to optimize the transfer of technology.

Part B: Investment Component

1. Establishment of two production wells and one injection well.

2. Construction of above ground facilities, including plant building and necessary equipment such as absorption heat pumps, heat exchanger, and auxiliary equipment for control and regulation of the plant and the heat transfer to the district heating system.

3. Laying of piping network between production wells and the geothermal plant, geothermal plant and injection well, and the geothermal plant and the district heating network.

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The Project is expected to be completed by January 31, 1999.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

   (a) the term "eligible Categories" means Categories (1), (2) and (3) 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 (i) goods and works required for Part B of the Project; and (ii) consultants’ services required for Part A of the Project, and to be financed out of the proceeds of the GEF Trust Fund Grant 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 $500,000 to be withdrawn from the GEF Trust Fund Grant 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 $250,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant 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 SDR 2,000,000.

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 Recipient
shall furnish to the Bank a request or requests for 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 GEF Trust Fund 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 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 Recipient, withdraw from the GEF Trust Fund 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 GEF Trust Fund Grant 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 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 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 Recipient directly from the GEF Trust Fund Grant 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 Recipient shall have failed to furnish to the Bank within the period as 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 Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories minus the total amount of all outstanding special commitments 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 GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories for Part B of the Project 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 Schedule; 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.

(c) The Recipient 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 GEF Trust Fund Grant
Account for subsequent withdrawal or for cancellation in accordance with
the relevant provisions of this Agreement, including the General
Conditions.