

CONFORMED COPY

CREDIT NUMBER 2193 GH

(Second Health and Population Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 21, 1990

CREDIT NUMBER 2193 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 21, 1990, between the REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit 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 Development Credit Agreements" of the Association, 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) "MOH" means the Borrower's Ministry of Health;
- (b) "NCS" means the National Catholic Secretariat of Ghana;
- (c) "PPAG" means the Planned Parenthood Association of Ghana, an affiliate of the International Planned Parenthood Federation;
- (d) "NCS Agreement" means the agreement to be entered into between the Borrower and NCS pursuant to Section 3.01 (c) of this Agreement;
- (e) "PPAG Agreement" means the agreement to be entered into between the Borrower and PPAG pursuant to Section 3.01 (d) of this Agreement;
- (f) "MCH/FP" means Maternal and Child Health and Family planning;
- (g) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;
- (h) "DHMT" means a district health management team; and
- (i) "DMOH" means a district medical officer of health.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to nineteen million five hundred thousand Special Drawing Rights (SDR 19,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be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 Credit.

(b) The Borrower shall open and maintain in dollars two special deposit accounts in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment: (i) Special Account PPAG for purposes of Part E.2 and 3 of the Project; and (ii) Special Account MOH for purposes of all other Parts of the Project. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association

as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 15 and July 15 commencing January 15, 2001, and ending July 15, 2030. Each installment to and including the installment payable on July 15, 2010, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, public health, family planning and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make available to NCS out of the proceeds of the Credit, on a grant basis, an amount not exceeding the equivalent of SDR 590,000 for the purposes of Part C.2 of the Project under the NCS Agreement to be entered into between the Borrower and NCS under terms and conditions which shall have been approved by the Association whereby the Borrower shall obtain rights adequate to protect the interests of the Borrower and the Association, including the right to:

- (i) require NCS to carry out Part C.2 of the Project with due diligence and efficiency and in accordance with sound technical, financial, managerial and public health standards and to appoint a coordinator of its Project activities in accordance with Section II of Schedule 3 to this Agreement;
- (ii) require NCS to maintain adequate records and accounts with respect to the Project activities and to have them audited in accordance with the provisions of Section 4.01 of this Agreement;
- (iii) require that: (A) the goods and services to be financed out of the proceeds of the Credit shall be procured in accordance with Schedule 3 to this Agreement; and (B) such goods and services shall be used exclusively in carrying out the Project; and
- (iv) inspect, by itself or jointly with representatives of the Association, if the Association shall so request, such goods and works carried out by NCS.

(d) The Borrower shall make available to PPAG out of the proceeds of the Credit, on a grant basis, an amount not exceeding the equivalent of SDR 2,040,000 for the purposes of Part E.2 and 3 of the Project under the PPAG Agreement to be entered into between the Borrower and PPAG under terms and conditions which shall have been approved by the Association whereby the Borrower shall obtain rights adequate to protect the interests of the Borrower and the Association, including the right to:

- (i) require PPAG to carry out Part E.2 and 3 of the Project with due diligence and efficiency and in accordance with sound technical, financial, managerial, public health and family planning standards and to appoint a qualified coordinator of its Project activities;
- (ii) require PPAG to maintain adequate records and accounts and to have them audited in accordance with the provisions of Section 4.01 of this Agreement;
- (iii) require that: (A) the goods and services to be financed out of the proceeds of the Credit shall be procured in accordance with Schedule 3 to this

Agreement; and (B) such goods and services shall be used exclusively in carrying out the Project; and

- (iv) inspect, by itself or jointly with representatives of the Association, if the Association shall so request, such goods and works carried out by PPAG.

(e) The Borrower shall exercise its rights under the NCS and PPAG Agreements in such manners as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the NCS or PPAG Agreements or any provision thereof.

Section 3.02. The Borrower shall make available to other non-governmental organizations out of the proceeds of the Credit, on a grant basis, an amount not exceeding the equivalent of SDR 220,000 for the purposes of Part C.3 of the Project under agreements to be entered into between the Borrower and the respective non-governmental organization under terms and conditions which shall have been approved by the Association and which shall include substantially the provisions set forth in the NCS Agreement taking into account the specific requirements of the mission hospitals concerned.

Section 3.03. The Borrower shall, for the purposes of Part E.4 of the Project, provide contraceptives to non-governmental organizations involved in family planning activities under arrangements acceptable to the Association.

Section 3.04. Except as the Association 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 Credit shall be governed by the provisions of Schedule 3 to this Agreement.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project to be executed by the responsible departments or agencies of the Borrower.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit 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 year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association'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.

Section 4.02. Until the completion of the Project, the Borrower shall, on the occasion of the annual public expenditures review to be undertaken by the Borrower and the Association, or, in the event that such a review does not take place, not later than December 31 of each year, furnish to the Association MOH's recurrent budget for the next fiscal year and the three-year rolling public investment program in the health sector, all acceptable to the Association.

ARTICLE V

Effective Date; Termination

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

(a) the NCS Agreement has been executed on behalf of the Borrower and NCS;

(b) the PPAG Agreement has been executed on behalf of the Borrower and PPAG; and

(c) the Borrower has appointed within MOH a full-time coordinator and a full-time procurement specialist with qualifications and experience satisfactory to the Association and to be responsible for all projects in the health sector financed by the Association.

Section 5.02. The following are specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the NCS and PPAG Agreements have been duly authorized or ratified by the Borrower and NCS and PPAG, respectively, and are legally binding upon the Borrower and NCS and PPAG, respectively, in accordance with their terms.

Section 5.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The PNDC Secretary for Finance and Economic Planning of the Borrower is designated as representative of the

Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

PNDC Secretary for Finance
and Economic Planning
Ministry of Finance and
Economic Planning
P.O. Box M 40
Accra, Ghana

Cable address:

Telex:

ECONOMICON
Accra

2205 MIFAEP GH

For the Association:

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

Cable address:

Telex:

INDEVAS
Washington, D.C.

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 GHANA

By /s/ Joseph L. S. Abbey
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
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MOH

(1)	Civil works	1,480,000	100%
(2)	Drugs	2,440,000)	
(3)	Hospital equipment and spare parts	2,060,000)	
(4)	Contraceptives	1,410,000)	100% of foreign expenditures and 90% of local expenditures
(5)	Other equipment, spare parts, vehicles, furniture, building materials, office supplies and vaccines	5,690,000)	
(6)	Consultants' services and training	2,080,000	100%

PPAG

(7)	Equipment, furniture, spare parts, office supplies and vehicles	400,000)	100% of foreign expenditures and 90% of local expenditures
(8)	Contraceptives	1,230,000)	
(9)	Training	240,000	100%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
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NCS

(10)	Hospital equipment, spare parts and maintenance equipment	540,000	100% of foreign expenditures and 90% of local expenditures
(11)	Unallocated	1,930,000	
TOTAL		19,500,000	=====

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; (b) payments made for expenditures with respect to Category (2) until: (i) MOH has commenced the operation of the drug "cash and carry" scheme in a manner satisfactory to the Association; and (ii) the Borrower has formalized its competitive bidding policy for the purchase of drugs and MOH has established an advisory tender committee for the procurement of drugs; (c) payments made for expenditures with respect to Category (3) until MOH has appointed a maintenance engineer for the hospital equipment in the Project regions; and (d) payments made for expenditures with respect to Category (4)

until the Borrower has established a national population commission with functions acceptable to the Association and adequate staffing and budgetary allocations to carry out such functions.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) improve the quality and coverage of health services; and (ii) increase the availability and accessibility of family planning services.

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

Part A: Drug Supplies and Drug Infrastructure Rehabilitation

1. Acquisition of essential drugs and vaccines.
2. Rehabilitation of the drug supply infrastructure, including:
 - (a) acquisition of equipment and vehicles and provision of training for MOH's directorate responsible for drug procurement/supplies;
 - (b) rehabilitation and improvement of the central and ten regional medical stores;
 - (c) development of sound inventory management practices;
 - (d) establishment of an independent testing laboratory for drug quality control;
 - (e) expansion of training for pharmacists and pharmacy technicians; and
 - (f) training for drug prescriber.

Part B: Strengthening of MOH

Acquisition of office equipment, furniture and vehicles and provision of training for MOH.

Part C: Regional and District Hospitals

Acquisition, repair and maintenance of hospital equipment for:

1. seven MOH operated hospitals;
2. the three NCS operated mission hospitals; and
3. other mission hospitals;

all in the Northern, Upper West and Upper East Regions.

Part D: Primary Health Care

1. Expansion and improvement of the primary health care delivery system.
2. Training for District Health Management Teams, including the organization of workshops and management development courses.
3. Logistical support for the District Health Management Teams, including construction of residential accommodation for DMOHs and offices for DHMTs, and acquisition of furniture, office equipment, vehicles and radio communications equipment.
4. Health sector related studies.

Part E: Population/Family Planning

1. Acquisition of equipment, contraceptives and other supplies for MOH operated MCH/FP delivery facilities.
2. Acquisition of clinic equipment, furniture, contraceptives and other supplies for about 26 PPAG operated clinics.
3. Acquisition of contraceptives, other supplies and vehicles for the PPAG organized community-based distribution, as well as provision of training for volunteer agents.
4. Acquisition and distribution of contraceptives to non-governmental organizations involved in family planning activities.

Part F: Prizes Fund

Establishment and operation of a prizes fund designed to provide incentives for superior performance by individual health workers or health institution teams and for health promoting behavior by communities.

* * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

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).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Ghana 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. Goods estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$2,000,000, and civil works may be procured under contracts awarded on the basis of competitive bidding, advertised locally in accordance with procedures satisfactory to the Association.

2. Items or groups of items estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Medical equipment, up to an aggregate amount not to exceed the equivalent of \$500,000, and vaccines, up to an aggregate amount not to exceed the equivalent of \$2,900,000, may be procured through the United Nations Children's Fund in accordance with its own procedures.

4. Spare parts, up to an aggregate amount not to exceed \$300,000, may be purchased from the original supplier of the equipment in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$50,000 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 Accounts, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Accounts 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 Accounts, such 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 Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 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 Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association 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 4

Implementation Program

1. Overall responsibility for Project coordination shall be vested in MOH. To this end, MOH shall establish and maintain a Project Coordination Committee under the chairmanship of MOH's Director of External Aid Coordination and Project Management and consisting of the Project coordinators of MOH, NCS and PPAG. In order to evaluate the overall progress of the Project, a mid-term review shall be carried out by MOH and the Association not later than December 31, 1992.

2. In order to facilitate the involvement of non-governmental organizations in the carrying out of the Project and related activities in the health sector, the Borrower shall prepare, not later than June 30, 1991, a master framework agreement acceptable to the Association governing the relationship between MOH and non-governmental organizations in areas of health and population activities.

3. MOH shall continue its program of appointing full-time heads of the District Health Management Teams and appoint ten additional heads not later than December 31, 1991, another fifteen not later than December 31, 1992, and another fifteen not later than December 31, 1993.

4. MOH shall expand, not later than December 31, 1991, its health care outreach service to all regions.

5. MOH shall prepare and furnish to the Association for its review and comments, not later than December 31, 1991, a program for the expansion of the primary health care coverage.

6. MOH shall:

(a) design, not later than December 31, 1991, a management and health information system; and

(b) after having reviewed this system with the Association, implement such a system not later than December 31, 1992, taking into account the Association's comments.

7. MOH shall prepare and furnish to the Association for its review and comments:

(a) not later than September 30, 1991, staffing norms for health facilities;

(b) not later than March 31, 1992, a manpower master plan; and

(c) not later than June 30, 1992, a master training program for health sector staff.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: in the case of Special Account MOH, Categories (1) through (6); and in the case of Special Account PPAG, Categories (7) through (9); as such Categories are 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 Credit 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 to be withdrawn from the Credit Account and deposited into the respective Special Account pursuant to paragraph 3 (a) of this Schedule, equivalent to \$1,000,000 in the case of Special Account MOH, and equivalent to \$100,000 in the case of Special Account PPAG.

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

3. After the Association has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals of such Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of any Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the respective Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into such Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of any Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit 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 Association from the Credit 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 any Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association 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 Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit 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 Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association 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 Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association 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 Association shall have determined at any time that any payment out of any 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into such Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any 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 Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in any Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

