

CONFORMED COPY

CREDIT NUMBER 2487 MOZ

Development Credit Agreement

(Food Security Capacity Building Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 30, 1993

CREDIT NUMBER 2487 MOZ

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 30, 1993, between REPUBLIC OF MOZAMBIQUE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower has contracted from Food and Agriculture Organization of the United Nations Organization (FAO) a grant (the FAO Grant) to assist in partially financing Part A of the Project on the terms and conditions set forth in an agreement (the FAO Grant Agreement) entered into between the Borrower and FAO; and

(C) the Borrower intends to contract from Save the Children a grant (the Save the Children Grant) to assist in financing Part B.4 of the Project on the terms and conditions set forth in an Agreement (the Save the Children Grant Agreement) to be entered into between the Borrower and Save the Children.

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 and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "CNP" means Comiss
o Nacional do Plano, the National
Planning Commission of the Borrower;

(b) "CTP" means Conselho Tecnico do Plano, the technical
advisory committee of CNP;

(c) "CFA" means Centro de Formacao Agraria, the Agricultural
Training Center of the Borrower;

(d) "EMU" means Eduardo Mondlane University of the Borrower;

(e) "Implementation Agreements" means the agreements
referred to in Section 3.01(b) and (c) of this Agreement;

(f) "MOH" means Ministry of Health of the Borrower;

(g) "PAU" means Unidade de Alivio
Pobreza, the Poverty
Alleviation Unit established by Despacho No. S/N, 93 of the Minister
of Planning of the Borrower;

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

(i) "fiscal year" means the Borrower's fiscal year which
runs from January 1 to December 31.

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 the Development Credit Agreement, 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 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, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, 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 5 to this Agreement.

Section 2.03. The Closing Date shall be February 28, 1998, 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 or 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 payment date in that year specified in Section 2.06 of this Agreement; and

(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 February 15 and August 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 February 15 and August 15, commencing August 15, 2003 and ending February 15, 2033. Each installment to and including the installment payable on February 15, 2013 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; and

(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 Parts A; B.1; and B.2 of the Project through CNP; Part B.3 of the Project through CFA; Part C of the Project through EMU; and Part B.4 of the Project through MOH, all with due diligence and efficiency and in conformity with appropriate administrative, financial and managerial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project;

(b) For the purpose of implementation of Part B.3 of the Project, the Borrower shall cause CNP to conclude with CFA an Implementation Agreement, under terms and conditions satisfactory to the Association, specifying, inter alia, the rights and obligations of CNP and CFA, the timetable to be followed and the scope of activities to be undertaken;

(c) For the purpose of implementation of Part C of the Project, the Borrower shall cause CNP to conclude with EMU an Implementation Agreement, under terms and conditions satisfactory to the Association, specifying, inter alia, the rights and obligations of CNP and EMU, the timetable to be followed and the scope of activities to be undertaken;

(d) The Borrower shall exercise its rights under the Implementation Agreements referred to in (b) and (c) above in such manner 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 Implementation Agreements or any of their provisions; and

(e) 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.

Section 3.02. 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.

Section 3.03. (a) The Borrower shall cause PAU to prepare and submit to the Association, for review and comments:

- (1) the first draft workplan covering the period from July 1, 1993, until December 31, 1994; and
- (2) no later than November 30 of every year thereafter, subsequent draft annual workplans. The above-mentioned workplans shall, inter alia, specify monitorable targets on implementation.

(b) The Borrower shall cause PAU to implement the recommendations made by the Association and arising out of the reviews carried out.

Section 3.04. The Borrower shall, no later than December 31, 1993, cause CTP to assign representatives of relevant Ministries and agencies to participate in an intersectoral working group, which

would advise PAU in preparing the national food security conferences and workshops referred to under Part B.1 of the Project.

Section 3.05. (a) The Borrower shall, no later than July 31, 1995, conduct, jointly with the Association, a Project implementation mid-term review. The Review shall, inter alia, be targeted to: (i) monitor progress in achieving Project objectives; (ii) identify implementation issues and propose solutions; (iii) promote exchange of ideas among staff involved in Project Implementation; and (iv) update Project timetables, cost estimates and budget requirements;

(b) No later than one month prior to the mid-term review referred to in (a) above, the Borrower shall, through PAU, furnish to the Association, for its comments, a report in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in complying with Project implementation; and

(c) The Borrower shall, promptly thereafter, carry out the recommendations emanating from the review.

ARTICLE IV

Financial 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 of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than nine 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 report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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.

ARTICLE V

Remedies of the Association

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

(a) that the Borrower or any other authority having jurisdiction shall have taken any action concerning the Borrower's food security sector, that would materially affect the ability of the Borrower, CFA or EMU to perform any of their respective obligations under this Agreement; and

(b) that as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which makes it improbable that the Borrower, CFA or EMU, as the case may be, will be able to perform any of their respective obligations under the Implementation Agreements.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) that the event specified in Section 5.01 (a) of this Agreement shall occur and shall continue for a period of thirty (30) days after notice thereof shall have been given by the Association to the Borrower; and

(b) that the event specified in Section 5.01 (b) of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the first workplan referred to in Section 3.03 (a) (i) of this Agreement has been submitted to the Association;

(b) the Administrative Officer, with qualifications and experience satisfactory to the Association, referred to in paragraph 3 of Schedule 4 to this Agreement, has been appointed; and

(c) the Implementation Agreements referred to in Section 3.01 (b) and (c) of this Agreement have been signed.

Section 6.02. The following is specified as 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 Implementation Agreements referred to in Section 3.01 (b) and (c) of this Agreement have been duly authorized or ratified and are legally binding upon the parties in accordance with their respective terms.

Section 6.03. The date one hundred and twenty (120) days after

the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Governor of Bank of Mozambique is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Banco de Mocambique
Departamento de Relacoes Internacionais
Avenida 25 de Setembro 1695
Maputo

Cable address:

MOBANCO
Maputo

Telex:

6576/7 BMMO

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By /s/ Eneas da Conceicao Comiche
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Stephen Denning M.
Acting 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
(1) Consultants' Services, fellowships, per diem, studies and audits	1,660,000	100%
(2) Training:		
(a) under Part C of the Project and	1,000,000	100%
(b) under Parts A and B of the Project	860,000	95%
(3) Vehicles, equipment, materials, and supplies	580,000	100% of foreign expenditures and 95% of local expenditures
(4) Unallocated	500,000	
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TOTAL	4,600,000	
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2. For the purposes of this Schedule:

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

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) establish an institutional focal point for food security policy development and coordination of strategy implementation, as an integral part of the Borrower's framework for poverty reduction; (ii) improve understanding of food security issues and responses among decision-makers and staff of relevant ministries; and (iii) incorporate research on, and teaching of, food security-related issues and smallholder agriculture in EMU and relevant in-service training programs.

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: Food Security Policy Development and Program Monitoring

- Staffing, furnishing and equipping of PAU;
- Strengthening of PAU's capabilities through about four short and about two long-term fellowships for PAU personnel;
- Carrying out of policy studies; and

4. Analysis and dissemination of poverty and food security information.

Part B: Increasing national awareness of food security issues and strategies and training of personnel in addressing food security issues

1. Organizing two national conferences and a series of national, provincial and local workshops on food security issues;
2. Carrying out about eight study tours to neighboring countries;
3. Preparation and utilization by CFA of training modules for in-service training in food security and related subjects for managerial and technical staff of relevant line ministries, NGOs and community leaders at central, provincial and district levels; and
4. Development and implementation of a course in nutrition and food security for health personnel at the Health Sciences Institute in Maputo.

Part C: Strengthening of the food security content of relevant preservice training programs of EMU's Faculty of Agriculture

1. Acquisition of teaching materials, textbooks, vehicles and computer equipment;
2. Revision of curriculum to introduce food security-related content into the existing academic program;
3. Development of a core of faculty members and assistants specialized in teaching the revised curriculum through the provision of about four long-term fellowships;
4. Design and implementation of university research focused on family farming through the establishment of a data bank on relevant research, development of a research agenda, selection of methodologies and investigation of priority topics;
5. Supervision of student research on food security-related topics; and
6. Recruitment of long and short-term visiting professors from overseas universities.

* * *

The Project is expected to be completed by August 31, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: Procurement Procedures

1. Goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).
2. All contracts estimated to cost \$50,000 or more shall be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
3. Equipment, furniture, materials and supplies up to an aggregate amount equivalent to \$200,000 may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the

Guidelines, in accordance with procedures acceptable to the Association.

4. Contracts for textbooks and learning materials for EMU, up to an aggregate of \$70,000 may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Association.

Section II. Employment of Consultants

1. In order to assist the Borrower in the carrying out of 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 (Consultant Guidelines).

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Program

1. CNP shall have the overall responsibility for the Project. PAU shall be responsible for coordinating the implementation of the Project, including liaising with the central level agencies of the Borrower.

2. The Chief of PAU shall be designated Project Director and shall have the responsibility for overseeing progress in Project Implementation and resolving substantive issues.

3. An Administrative Officer, with qualifications and experience satisfactory to the Association, shall be appointed to take day-to-day responsibility for routine administrative matters including, the maintenance of Project accounts and overseeing of procurement.

4. An Advisory Committee composed of one senior representative from each institution involved in the implementation of the Project and other institutions concerned with food security issues, shall be established. The Advisory Committee shall meet quarterly to discuss and resolve any policy issues.

5. PAU shall coordinate the food security national conferences with the assistance of the intersectoral working group referred to in Section 3.04 of this Agreement.

6. The Borrower shall hold: (a) no later than December 31, 1994, the first food security national conference; and (b) no later than December 31, 1996, the second food security national conference.

7. The Borrower shall ensure that, no later than December 31, 1994, PAU has been staffed with at least five local technical and professional staff with satisfactory qualifications.

8. The Borrower shall cause CFA to carry out the following: (i) preparation of and submission to the Association for review, comment and prior approval, detailed proposals including estimated budgets and implementation timetables for the training modules referred to

under Part B.2 of the Project; (ii) no later than June 30, 1994, completion of an initial set of at least six food security training modules; and (iii) no later than December 31, 1994, completion of the training of central and provincial level CFA trainers in the use of the modules.

9. The Borrower shall, no later than June 30, 1994, cause EMU to prepare and submit to the Association for review, comment and approval, a detailed research protocol in connection with Part C of the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (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 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 equivalent to \$600,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the 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 the 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 the 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 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the 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 the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the 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 the 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.

