

CONFORMED COPY

CREDIT NUMBER 2247 GH

(National Agricultural Research Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 10, 1991

CREDIT NUMBER 2247 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 10, 1991, between 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 Develop-

ment 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) "MOA" means the Borrower's Ministry of Agriculture;

(b) "CSIR" means the Council for Scientific and Industrial Research under the Borrower's Ministry of Industry, Science and Technology;

(c) "NARC" means the National Agricultural Research Committee established pursuant to Section 5.01 (a) of this Agreement;

(d) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement; and

(e) "Cedis" means the currency of the Borrower.

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 sixteen million three hundred thousand Special Drawing Rights (SDR 16,300,000).

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 (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be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 MOA for the purposes of Parts C.3, C.4 and D.3 of the Project; and (ii) Special Account CSIR for the 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 March 31, 1997, 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 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 May 1 and November 1 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 May 1 and November 1 commencing November 1, 2001, and ending May 1, 2031. Each installment to and including the installment payable on May 1, 2011, 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 through MOA and CSIR with due diligence and efficiency and in conformity with appropriate administrative, agricultural, financial and research 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.

Section 3.02. Without limitation upon any of its obligations

under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in a commercial bank accounts in the name of MOA and CSIR on terms and conditions satisfactory to the Association to be used exclusively for the purposes of meeting expenditures under parts of the Project for which MOA and CSIR are responsible and which are not financed out of the proceeds of the Credit; and

(b) in addition to the initial amounts referred to in Section 5.01 (f) of this Agreement, deposit into said accounts promptly before each month starting six months after the date of this Agreement, the Borrower's contribution to the financing of the Project as set forth in MOA's and CSIR's approved work plan and budget for the next month.

Section 3.03. 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 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 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.

ARTICLE V

Effective Date; Termination

Section 5.01. 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 Borrower has established NARC referred to in paragraph 1 of Schedule 4 to this Agreement;
- (b) the Borrower has established the Project Steering Committee referred to in paragraph 3 of Schedule 4 to this Agreement;
- (c) the Borrower has established the Technical Secretariat referred to in paragraph 2 of Schedule 4 to this Agreement and appointed the section heads;
- (d) the Borrower has established the Research Grants Board under Part E of the Project;
- (e) the Borrower has furnished to the Association a training program under Part B of the Project for the first year of Project implementation acceptable to the Association; and
- (f) the Borrower has deposited initial amounts in Cedis equivalent to \$100,000 for CSIR and \$30,000 for MOA in the accounts referred to in Section 3.02 of this Agreement.

Section 5.02. 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 M40
Accra, Ghana

Cable address:

Telex:

ECONOMICON
Accra

2205 MIFAEP GH

For the Association:

Category	(Expressed in SDR Equivalent)	Expenditures to be Financed
(4) Operating costs:		100% of foreign expenditures and 50% of local expenditures
(a) CSIR	3,780,000	
(b) MOA	670,000	
(5) Equipment, vehi- cles, operating costs and scholar- ships under the Research Grants Scheme	1,040,000	100% of foreign expenditures and 50% of local expenditures
(6) Unallocated	1,610,000	
	<hr/>	
TOTAL	16,300,000 =====	

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;

(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; and

(c) the term "operating costs" means the incremental Project related costs for office and laboratory supplies, vehicle and equipment maintenance and field work.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) payments for expenditures under Category (5) unless the Borrower has submitted to the Association criteria for assessing research proposals for grant funding acceptable to the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are to develop the institutional framework and improve the research management systems for agricultural research in Ghana and to strengthen the research capacity of institutions in Ghana.

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: Research Management

1. Establishment and operation of the National Agricultural Research Committee and its Technical Secretariat.
2. Development of a National Agricultural Research Plan.
3. Improvement of research management systems at the national, research institutes and programs levels.
4. Construction of staff housing units, rehabilitation of offices and acquisition of vehicles and equipment therefor.

Part B: Human Resource Development

Training for scientists, students and technical staff in agricultural research.

Part C: Rehabilitation of Research Facilities

1. Construction and rehabilitation of offices and laboratories, installation and expansion of computing facilities, acquisition of equipment, laboratory supplies, vehicles and field research inputs and provision for training for:

- (a) the Institute for Animal Research;
- (b) the Institute for Crops Research;
- (c) the Institute for Food Research;
- (d) the Institute for Aquatic Biology; and
- (e) the Institute for Soils Research.

2. Improvement of the research facilities at the three Faculties of Agriculture and the Institute for Statistics and Social and Economic Research, including acquisition of laboratory equipment and supplies, computers and vehicles.

3. Support of the six regional research stations of MOA's Crop Services Department, including construction of offices, laboratories and staff housing units and acquisition of vehicles, equipment and computer.

4. Strengthening of the Marine Fisheries Research Unit of MOA, including acquisition of laboratory, oceanographic and fishing equipment.

Part D: Library and Information Systems

1. Establishment and operation of the Ghana Agricultural Information Network System, including acquisition of library equipment, furniture, books, journals, publication of a national agricultural journal and provision of training for library staff.

2. Completion or rehabilitation of library facilities in the CSIR system.

3. Construction of a new library building for MOA.

Part E: Research Programs

1. Development and implementation of research programs for selected crops such as pineapples, plantain, soybeans, rice and cotton, including rehabilitation of laboratories and staff houses, acquisition of laboratory, office and field equipment and vehicles and provision of training therefor.

2. Establishment and operation of a Research Grants Scheme designed to finance acquisition of equipment, vehicles and post-graduate students' research activities.

3. Improvement of the linkage between research, extension staff and producers in the identification and implementation of research programs through increased on-farm adaptive trials and promotion of incentives for on-farm collaborative works.

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The Project is expected to be completed by September 30, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost the equivalent of \$100,000 or more each, and contracts for civil works shall be grouped in bid packages estimated to cost the equivalent of \$250,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Civil works estimated to cost less than the equivalent of \$250,000 per contract, up to an aggregate amount not to exceed the equivalent of \$2,500,000, and goods estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$700,000, 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 \$60,000 per contract, up to an aggregate amount not to exceed the equivalent of \$900,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least two different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: 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 \$100,000 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 fur-

nished 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

Project Management and Coordination

1. Overall responsibility for the management and coordination of all research activities shall rest with NARC established pursuant to Section 5.01 (a) of this Agreement. NARC chaired by a Deputy Secretary of MOA with membership and terms of reference acceptable to the Association shall be responsible for the development and approval of a national agricultural research policy and a medium-term agricultural research plan, with research priorities and resource allocation linked to national development objectives.

2. NARC shall be assisted by a Technical Secretariat established within CSIR pursuant to Section 5.01 (c) of this Agreement with membership and terms of reference acceptable to the Association. The Technical Secretariat shall consist of a Planning and Priorities Section, a Secretariat and Monitoring Section and a Project Coordinating Section. Its main function shall be to provide information and management support to NARC, including the preparation of semi-annual progress reports within two months of the end of each reporting period.

3. The coordination of all Project activities among the various departments and agencies of the Borrower involved in the implementation of the Project shall be carried out by the Project Steering Committee acting as an executive committee of NARC and established pursuant to Section 5.01 (b) of this Agreement. The Project Steering Committee shall be chaired by the PNDC Secretary of MOA with membership and terms of reference acceptable to the Association. The committee shall meet at least twice a year to review the progress of the Project and resolve outstanding issues.

4. A mid-term review shall be carried out by the Borrower, acting through MOA and CSIR, and the Association not later than June 30, 1994, in order to evaluate the overall progress of the Project and to modify the Project implementation procedures, if necessary. In order to facilitate this review, the Technical Secretariat shall prepare, not later than four weeks before the scheduled date for the review, a mid-term Project review to be furnished to the Association and all departments and agencies involved in the Project implementation.

Part A of the Project

5. The Borrower, through NARC, shall:

(a) furnish to the Association, not later than September 30, 1992, its proposals for the methodology of setting research

priorities in light of limited research resources;

(b) after having exchanged views with the Association on the proposed methodology, initiate the process of developing a national agricultural research plan by involving all relevant participants in this process;

(c) furnish such a draft plan, not later than May 31, 1993, to the Association for its review and comments; and

(d) finalize such plan, not later than September 30, 1993, taking into account the Association's comments.

Part B of the Project

6. The Borrower, through NARC's Technical Secretariat, shall furnish to the Association for its review and comments:

(a) not later than May 31, 1993, a draft human resources development plan, including procedures and criteria for promotion of staff undertaking agricultural research, and finalize such plan, not later than September 30, 1993, taking into account the Association's comments; and

(b) not later than June 30 of each year, annual training plans in such detail and format as the Association shall request for the proposed training activities during the next twelve months and to be financed out of the proceeds of the Credit.

7. The Borrower shall ensure that proposals by universities for research twinning arrangements are furnished to the Association for its review not later than March 31, 1992.

Part C of the Project

8. The Borrower, through NARC's Technical Secretariat, shall furnish to the Association not later than June 30 of each year, annual work plans for the rehabilitation of research facilities acceptable to the Association.

9. The Borrower shall ensure that, not later than September 30, 1992, agricultural research activities will be concentrated in 13 national and six regional research stations.

10. The Borrower shall cause MOA and CSIR to enter into a memorandum of understanding, not later than December 31, 1991, indicating the services which the MOA operated regional research centers would provide to the national research institutes and the charges to be paid by CSIR for these services.

Part D of the Project

11. The Borrower shall furnish to the Association, not later than June 30, 1994, the architectural plans and contract documentation for the construction of the new MOA library building.

Part E of the Project

12. The Borrower shall cause the research institutes:

(a) to introduce, not later than April 30, 1992, organizational changes in the management of the institutes by assigning their management boards a more active role in the planning and management of research programs; and

(b) to apply, not later than September 30, 1992, new programming and budgeting procedures as developed by the Technical Secretariat.

13. The Borrower shall furnish to the Association, not later than September 30 of each year, CSIR's proposed annual budget and those for MOA's regional research centers for the Association's reviews

and comments.

14. The Borrower shall appoint the program coordinators for the selected research programs and establish the relevant commodity committee not later than December 31, 1991.

15. The Research Grants Scheme referred to in Part E.2 of the Project shall operate as follows:

(a) research proposals shall meet the criteria to be submitted to the Association pursuant to paragraph 3 (b) of Schedule 1 to this Agreement;

(b) applications for grants shall be submitted to the Technical Secretariat and evaluated and approved by the Research Grants Board established pursuant to Section 5.01 (d) of this Agreement;

(c) the first four grants shall have been jointly approved by the Research Grants Board and the Association;

(d) each grant shall be made under an agreement requiring, inter alia, that procurement out of the proceeds of such a grant be made in accordance with Schedule 3 to this Agreement; and

(e) there shall be an annual review of the Research Grants Scheme by the Research Grants Board and the Association prior to approving new research proposals for the next twelve months period.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of Special Account CSIR: Categories (1) (a), (2) (a), (3), (4) (a) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of Special Account MOA: Categories (1) (b), (2) (b) and (4) (b) 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 in the case of Special Account MOA an amount equivalent to \$300,000 and in the case of Special Account CSIR an amount equivalent to \$800,000, such amounts to be withdrawn from the Credit Account and deposited into the respective Special Accounts pursuant to paragraph 3 (a) of this Schedule.

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 the 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 said 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 any 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 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 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.

