

CONFORMED COPY

CREDIT NUMBER 2354 PAK

(Punjab Middle Schooling Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 5, 1992

CREDIT NUMBER 2354 PAK

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 5, 1992, between ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (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 Project will be carried out by the Province of Punjab of the Borrower (the Province) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Province the proceeds of the Credit as provided in this Agreement;

(C) the Project constitutes a part of the Province's Middle Schooling Development Program (the Program) for the fiscal years 1992/93 through 1997/98; 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 and in the Project Agreement of even date herewith between the Association and the Province;

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) "Project Agreement" means the agreement between the Association and the Province of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(b) "middle schools" means the schools for levels 1 through 8 in the Province's elementary education system;

(c) "DOE" means the Department of Education of the Province;

(d) "PEF" means the Punjab Education Foundation, an autonomous body established by the Province and operating therein;

(e) "GCET" means the Government College for Elementary Teachers of the Province;

(f) "EEC" means the Education Extension Center of DOE;

(g) "TDC" means the Testing Development Center to be established under Part B.4 of the Project;

(h) "ECC" means the Education Coordination Committee of DOE;

(i) "DSD" means the Directorate for Staff Development to be established within DOE pursuant to Part C.4 of the Project;

(j) "DPI(S)" means the Directorate of Public Instruction (Schools) of DOE;

(k) "DPI(EE)" means the Directorate of Public Instruction (Elementary Education) of DOE to be established under Part C.2 of the Project;

(l) "DPI(SE)" means the Directorate of Public Instruction (Secondary Education) of DOE to be established under Part C.2 of the Project;

(m) "ADPI(PE)" means the Additional Directorate of Public Instruction (Primary Education) of DOE;

(n) "CRDC" means the Curriculum Research and Development Center of DOE;

(o) "PTB" means the Punjab Textbook Board, an autonomous body established by the Province and operating therein;

(p) "DPI(EE) Special Account" means the account which the Province shall open and maintain for ADPI(PE)/DPI(EE) pursuant to Section 2.02 (b) of this Agreement and Section 2.01 (c) of the Project Agreement, for purposes of all activities to be carried out

under the Project other than the construction activities to be carried out under Parts A.1, A.2 and A.3 of the Project for which CEC shall be responsible;

(q) "CEC Special Account" means the account which the Province shall open and maintain for CEC pursuant to Section 2.02 (b) of this Agreement and Section 2.01 (c) of the Project Agreement for purposes of the construction activities to be carried out under Parts A.1, A.2 and A.3 of the Project for which CEC shall be responsible;

(r) "Special Accounts" mean collectively the DPI(EE) Special Account and the CEC Special Account, and "Special Account" means each and any of those accounts individually; and

(s) "Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985.

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 eighty million five hundred thousand Special Drawing Rights (SDR 80,500,000).

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 and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, cause the Province to open and maintain for each of DPI(EE) and CEC in dollars a special deposit account in the National Bank of Pakistan 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 Accounts shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000 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 per cent (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 March 15 and September 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 March 15 and September 15 commencing September 15, 2002 and ending March 15, 2027. Each installment to and including the installment payable on March 15, 2012 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) 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.

Section 2.09. The Chairman, Planning and Development Board of the Province is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

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

(b) The Borrower shall make the proceeds of the Credit available to the Province.

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 1 to the Project Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by the Province pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
 - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made; and
 - (iii) enable the Association's representatives to examine such records.
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section 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 the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
 - (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

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) The Province shall have failed to perform any of its obligations under the Project Agreement.

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

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty 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 Executive Committee of the National Economic Council of the Borrower has approved the PC-1 document with respect to the Project;

(b) the Province has completed its evaluation of proposals received for consultants' services to be engaged pursuant to Section II of Schedule 1 to the Project Agreement, and has furnished a copy of the evaluation report to the Association for its review and approval; and

(c) the Province has acquired the sites required during the first year of Project implementation for school construction under Parts A.1 and A.2 of the Project.

Section 6.02. The following is 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 Project Agreement has been duly authorized or ratified by the Province, and is legally binding upon the Province in accordance with its terms.

Section 6.03. 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 VII

Representatives of the Borrower; Addresses

Section 7.01. The Secretary to the Government of Pakistan, Economic Affairs Division, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in such Division 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:

The Secretary to the Government
of Pakistan
Economic Affairs Division
Islamabad, Pakistan

Cable address:

ECONOMIC
Islamabad

Telex:

ECIDV-05-634

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.

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ Arshad Farooq

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood

Regional Vice President
South Asia

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) Civil works	49,650,000	76%
(2) Furniture and educational equipment and materials	12,450,000	100% of foreign expenditures and 100% of local expenditures (ex- factory costs) and 90% of local expenditures for other items pro- cured locally
(3) Consultants' and construc- tion manage- ment services and fellowships	6,600,000	100%

Amount of the
Credit Allocated
(Expressed in

% of
Expenditures

Category	SDR Equivalent)	to be Financed
(4) Female teacher and student scholarships	3,850,000	70% until amounts disbursed from the Credit under this Category have reached the equivalent of SDR 2,000,000, 50% thereafter until such amounts have reached the equivalent of SDR 3,150,000, and 30% thereafter until such amounts have reached the equivalent of SDR 3,850,000
(5) Incremental staff salaries	560,000	70% until amounts disbursed from the Credit under this Category have reached the equivalent of SDR 280,000, 50% thereafter until such amounts have reached the equivalent of SDR 455,000, and 30% thereafter until such amounts have reached the equivalent of SDR 560,000

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(6) Unallocated	7,390,000	

TOTAL	80,500,000 =====	

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;

(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 "incremental staff salaries" means the salaries of the additional staff appointed as a result of the reorganization of DPI(S) into DPI(EF) and DPI(SE) under Part C.2 of the Project.

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 (a) to improve access to middle schooling in rural and low-income urban areas, (b) to improve the quality of education and student achievement in middle schools, and (c) to strengthen the capacity of the Province's educational institutions for policy-making, planning, management and monitoring and evaluation.

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: Access to Middle Schools

- (1) Expansion and improvement of about 1,400 existing middle schools (about 70% of which are girls' schools) through the construction, equipping and furnishing of about 6,900 new classrooms.
- (2) Extension of middle schooling in about 1,400 existing primary schools in rural and low-income urban areas (about 60% of which are girls' schools), through construction of new classrooms and provision of basic facilities, and construction and equipping in such areas of about 800 new middle schools (about 85% of which are to be girls' schools).
- (3) Carrying out of a program over the period 1992/1998 for the maintenance of about 1,000 middle schools annually.
- (4) Expansion of the scholarship program to encourage girls to attend middle and secondary schools.
- (5) Provision of scholarships in rural areas to enable female candidates to acquire middle school teaching credentials.
- (6) Carrying out of measures to reward distinguished headmasters/headmistresses of middle schools.
- (7) Carrying out of a pilot program in the Rawalpindi Municipal Corporation area to experiment with the transfer of responsibility for the provision of public elementary education to municipal bodies.
- (8) Assistance to PEF in (a) the preparation of policy proposals regarding the role of the private sector in education, (b) the development of its institutional capacity, and (c) coordination and collaboration in the carrying out of its activities with other non-governmental organizations.

Part B: Enhancement of Quality of Education in Middle Schools

- (1) Enhancing the skills and effectiveness of middle school teachers through (a) strengthening of the teacher training curricula, including the provision to GCET and DSD of necessary technical services and materials, (b) development, testing, adaptation and implementation by DSD of in-service teacher training programs, and (c) expansion and upgrading of the facilities at EEC's complex taken over by DSD in Lahore and at GCET.
- (2) Provision of science demonstration materials and equipment for about 3,600 middle schools, and training of science teachers in the use thereof.
- (3) Carrying out of training programs for about 3,000 middle school headmasters/headmistresses.
- (4) Establishment within CRDC of a Testing Development Center (TDC) to be responsible for educational assessment, development and maintenance of a data bank on test questions on curricular topics, production and administration of achievement tests and evaluation of performance in tests, and the provision of related fellowships and training.

(5) Upgrading the content, quality and design of textbooks through (a) market research on current textbook use, (b) training on all aspects of textbook development and production, and (c) introduction of improved textbooks in middle schools and the monitoring and evaluation of their effectiveness.

(6) Production and distribution of (a) new teachers' guides for all subjects in grades 6, 7 and 8, and (b) supplementary reading texts for about 7,500 middle schools.

Part C: Education Policy-Making, Planning and Management and Evaluation

(1) Assistance for DOE in the area of education policy-making and planning, including (a) the provision of advisory services for the Provincial Education Council, established within DOE, (b) the development of a school mapping information system, and (c) the provision of related technical assistance, training, equipment and materials.

(2) Restructuring of the management system for elementary education through reorganization of DOE's Directorate of Public Instruction (Schools) (DPI(S)) into a Directorate of Public Instruction (Elementary Education) (DPI(E)) and a Directorate of Public Instruction (Secondary Education) (DPI(SE)), each with a separate hierarchy at the divisional and district levels.

(3) Strengthening of ECC through the provision of technical assistance and training.

(4) Establishment within DOE of a new Directorate for Staff Development (DSD) incorporating EEC to oversee pre- and in-service training of teachers and supervisory staff.

(5) Strengthening of DOE's monitoring and evaluation capacity through the provision of technical services, training and equipment required to improve collection and analysis of educational data, the conduct of studies in related areas and the development of reporting system in DOE's Secretariat to provide managers with periodic information on educational activities and on progress on educational indicators.

* * *

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

SCHEDULE 3

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3), (4) and (5) 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 respect of ADPI(PE)/DPI(E), an amount equivalent to \$3,000,000 to be withdrawn from the Credit Account and deposited into the DPI(E) Special Account; and in respect of CEC, an amount equivalent to \$3,000,000 to be withdrawn from the Credit Account and deposited into the CEC Special Account, all pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Accounts 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 relevant Authorized Allocation and subsequent withdrawals to replenish such Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 ADPI(PE)/DPI(EЕ) or CEC, as the case may be, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as ADPI(PE)/DPI(EЕ) or CEC, as the case may be, shall have requested.

(b) (i) For replenishment of the Special Account, ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 requests, ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 ADPI(PE)/DPI(EЕ) or CEC, as the case may be, withdraw from the Credit Account and deposit into the Special Account such amount as ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 ADPI(PE)/DPI(EЕ) or CEC, as the case may be, out of a Special Account, ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 a Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by ADPI(PE)/DPI(EЕ) or CEC, as the case may be, 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 for the parts of the Project for which ADPI(PE)/DPI(EЕ) or CEC, as the case may be, is responsible, 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 such parts of the Project, shall equal the equivalent of twice the amount of the relevant Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible

Categories for such parts of the Project shall follow such procedures as the Association shall specify by notice to ADPI(PE)/DPI(EE) or CEC, as the case may be. 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 such 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 a 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, ADPI(PE)/DPI(EE) or CEC, as the case may be, 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 ADPI(PE)/DPI(EE) or CEC, as the case may be, 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, ADPI(PE)/DPI(EE) or CEC, as the case may be, shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) ADPI(PE)/DPI(EE) or CEC, as the case may be, 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.

