

CONFORMED COPY

CREDIT NUMBER 2209 NIR

(Public Works and Employment Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 5, 1991

CREDIT NUMBER 2209 NIR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 5, 1991, between REPUBLIC OF NIGER (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 intends to contract with other donors in order to obtain loans or grants in an aggregate amount equivalent to ten million dollars (\$10,000,000) to assist in financing the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

- (a) "Beneficiary" means the public agency or municipality for whose benefit a sub-project is to be executed;
- (b) "CFA Franc" means the currency of the Borrower;
- (c) "Convention" means the agreement to be entered into between the Borrower and the Executing Agency pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time; and such term includes the Procedures Manual referred to in Section 3.01 (b) (iii) of this Agreement, and all annexes, schedules and other attachments to the Convention;
- (d) "Executing Agency" means Agence Nigerienne d'Execution des Travaux d'Interct Public pour l'Emploi (NIGETIP), an entity established under the laws of the Republic of Niger;
- (e) "implementing enterprise" means an entity to which a contract has been awarded for the execution of a sub-project;
- (f) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to two exchanges of letters, dated February 10 and 15, 1990, and July 24 and September 20, 1990, respectively, between the Borrower and the Association.
- (g) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.
- (h) "sub-project" means any of the activities described as such in Schedule 2 to this Agreement, and to be financed out of the proceeds of the Credit or in accordance with the provisions of Section 3.01 (d) (ii) of this Agreement;
- (i) "sub-project agreement" means an agreement to be entered into between the Executing Agency and an implementing enterprise for the execution of a sub-project.

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 thirteen million nine hundred thousand Special Drawing Rights (SDR 13,900,000).

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, or cause the Executing Agency to open and maintain, in CFA Francs 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 4 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1994 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.

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

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

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 15 and July 15 commencing July 15, 2001 and ending January 15, 2031. Each installment to and including the installment payable on January 15, 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 French Republic 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 and without any limitation or restriction upon any of its obligations under this Agreement: (i) shall execute Parts B and C of the Project; (ii) shall cause the Executing Agency to execute Part A of the Project, in accordance with the provisions of the Convention; (iii) 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 Executing Agency to perform its obligations under the Project; and (iv) shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) For the purpose of carrying out Part A of the Project, the Borrower shall enter into a Convention with the Executing Agency on terms and conditions satisfactory to the Association which shall include, inter alia:

- (i) provisions for the transfer of the proceeds of the Credit on a non-reimbursable basis: (A) for purposes of financing expenditures incurred by implementing enterprises in the carrying out of sub-projects; and (B) for operating costs and equipment of the Executing Agency, including the obligation of the Executing Agency to return all of its equipment to the Borrower upon completion of the Project or the day before its dissolution in accordance with the statutes of the Executing Agency, whichever happens first;
- (ii) the obligation of the Executing Agency to take all measures necessary to ensure that the Project is carried out with due diligence and efficiency and in accordance with appropriate administrative, technical and financial practices;
- (iii) the Procedures Manual specifying the obligations of the Executing Agency relating to the execution of the Project, selection of sub-projects, procurement and preparation of evidence required for withdrawal requests and replenishment of the Special Account;
- (iv) the obligation of the Executing Agency to keep the positions of Director General, Technical Director and Financial Director filled, at all times, by persons having experience and qualifications acceptable to the Borrower and the Association;
- (v) the obligation of the Executing Agency to

promptly inform the Borrower and the Association of any condition which interferes, or threatens to interfere, with the progress of the Project and sub-projects, the accomplishment of the purposes of the Credit, or the performance by the Executing Agency of its obligations under the Convention, or the performance of the Executing Agency and implementing enterprises under the sub-project agreements;

- (vi) the obligation of the Executing Agency to provide, by the fifteenth day of every other month, reports of such scope and in such detail as the Borrower or the Association shall reasonably request;
- (vii) a sample sub-project agreement;
- (viii) a sample of the agreement to be entered into between the Executing Agency and a Beneficiary with a view to the execution of a sub-project; and
- (ix) the obligation of the Executing Agency to submit to the Association for its approval, not later than June 15, 1992, and again not later than June 15, 1993, a program of proposed sub-projects representing an aggregate estimated cost of \$4,250,000 each.

(c) The Borrower shall exercise its rights under the Convention 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 Convention or any provision thereof.

(d) Without limitation upon the provisions of Section 3.01 (a) of this Agreement the Borrower shall:

- (i) cause the Executing Agency to execute, not later than December 31, 1993, a program of new sub-projects representing an aggregate cost of \$3,300,000 equivalent, out of which sub-projects representing an aggregate cost of at least \$1,650,000 equivalent shall be completed not later than December 31, 1992; and
- (ii) make available to the Executing Agency out of its own resources all the necessary funds needed for the execution of the sub-projects referred to in sub-paragraph (i) of this Section.

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. Without any limitation to or restriction upon its other reporting requirements under the General Conditions and this Agreement, the Borrower shall exchange views, and shall cause the Executing Agency to exchange views, with the Association, not later than January 31, 1993 or such other date as the Borrower and the Association shall agree upon, with regard to the progress of the Project and sub-projects, the management of the operations of the Executing Agency, the performance by the Executing Agency of its obligations under the Convention (including procurement procedures), and the performance by the Executing Agency and implementing enterprises of their respective obligations under sub-project agreements, and other matters relating to the purposes of the Credit.

Section 3.04. Upon completion of the study under Part C of the Project, the Borrower shall: (a) not later than July 31, 1992, submit to the Association, for comments, an action plan giving details of measures that the Borrower proposes to take in order to give effect to the recommendations of the study; and (b) not later than January 31, 1993 and subject to comments provided by the Association, take appropriate steps to implement such action plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause the Executing Agency to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of the Executing Agency.

(b) The Borrower shall cause the Executing Agency to:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for the first two quarters after the Effective Date and, thereafter, for each semi-annual period 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 two months after the end of the periods referred to in subparagraph (i) above: (A) certified copies of its financial statement for such period as so audited; and (B) 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 such records, accounts, financial statements 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 cause the Executing Agency to:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until 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

Remedies of the Association

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

(a) as a result of events which have occurred after the date of this Agreement, a situation shall have arisen which shall make it improbable that the Executing Agency will be able to perform its obligations under the Convention;

(b) the Statutes of the Executing Agency shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Executing Agency to perform any of its obligations under the Convention;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Executing Agency, or for the suspension of its operations;

(d) the Borrower or the Executing Agency shall have failed to perform any of their respective obligations under the Convention;

(e) the Convention shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project or the performance by the Executing Agency of its obligations under the Convention;

(f) (i) Subject to sub-paragraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(a) any event specified in paragraph (d) of Section 5.01 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;

(b) any event specified in paragraphs (a), (b), (c) or (e) of Section 5.01 of this Agreement shall occur; and

(c) any event specified in paragraph (f) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (f) (ii) of that Section.

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 Executing Agency has been adequately staffed, and a Director General, a Technical Director and a Financial Director, all of whom shall have qualifications and experience acceptable to the Association, have been duly recruited;

(b) the Executing Agency has submitted to the Association, and obtained its approval for, an initial program of selected sub-projects representing an aggregate estimated cost of \$4,250,000 equivalent;

(c) the Convention has been duly signed by the Borrower and the Executing Agency;

(d) the Executing Agency has prequalified, and obtained the approval of the Association for, an initial list of contractors and engineering firms considered eligible, under the Procedures Manual, to bid for labor-intensive civil works or services, as the case may be, financed under the Project; and

(e) the auditors referred to in Section 4.01 (b) of this Agreement have been duly selected.

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 Convention has been duly authorized or ratified by the Borrower and the Executing Agency and is legally binding upon the Borrower and the Executing Agency 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 Minister of Planning of the Borrower 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:

Ministcre du Plan
B.P. 862
Niamey
Niger

Cable address:

MINIPLAN
Niamey

Telex:

5463 NI

For the Association:

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

Cable address:

Telex:

INDEVAS	248423 (RCA)
Washington, D.C.	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 NIGER

By /s/ Moumouni A. Djermakoye
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Loan Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Sub-projects:		
(a) works-oriented	5,340,000	100%
(b) services-oriented	3,560,000	100%
(2) Services to contractors under Part B of the Project	1,050,000	100%
(3) Operating costs of Executing Agency	1,290,000	100%
(4) Equipment for Executing Agency	180,000	100%
(5) Consultants' services	1,010,000	100%
Category	Amount of the Loan Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(6) Refunding of Project	1,050,000	Amounts due pursuant to

Preparation
Advance

Section 2.02 (c)
of this Agreement

(7) Unallocated	420,000
TOTAL	<u>13,900,000</u> =====

2. For the purposes of this Schedule:

(a) "operating costs" means the costs incurred by the Executing Agency under the Project on account of local staff salaries and allowances, maintenance of vehicles, fuel and equipment, and office rent, supplies and services; and

(b) "sub-project" includes civil works and services contracts, detailed designs, works and contracts supervision, and the preparation of technical project proposals.

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 create substantial new employment in urban areas using the private sector; (b) to improve the individual skills of workers and the corporate competitiveness of firms; (c) to demonstrate the feasibility of labor-intensive projects and test the procedures that will enable the public sector to commission such projects that are economically viable and socially desirable; and (d) to review existing public works programs and recast them with the intent of speeding up their implementation and overall performance.

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:

1. Civil works-oriented sub-projects to be carried out under labor-intensive schemes by local contractors, including, but not limited to, the construction and repair of urban infrastructure and public facilities.

2. Services-oriented sub-projects, such as street and drainage network cleaning, and garbage removal, to be carried out under similar conditions as in paragraph 1 above.

Part B:

Services related to work organization, management and labor force training, to be offered on a voluntary basis to local contractors for the execution of sub-projects under Part A above.

Part C:

(1) Study and audit of the Public Investment Program to uncover the bottlenecks in procurement, contracting, works supervision, payments and audits that impede project implementation;

(2) Preparatory work for the establishment of a mutual guarantee company;

(3) A training program for beneficiaries and engineering firms for the preparation of feasibility studies and technical project proposals;

(4) A program aimed at increasing grassroots participation in

urban infrastructure maintenance; and

(5) A program of monitoring and evaluation of project activities.

* * *

The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, 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).

Part B: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A 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 C: Other Procurement Procedures

Contracts for works estimated to cost the equivalent of \$500,000 or less per contract may be awarded on the basis of local competitive bidding, in accordance with procedures satisfactory to the Association, amongst bidders who have been prequalified on the basis of criteria acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract for works estimated to cost the equivalent of \$250,000 or more, or for which less than 5 bids have been received, 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 Account, 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 Account 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 Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 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 Executing Agency in carrying out the Project, the Borrower shall cause the Executing Agency to 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (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 an amount of 325,000,000 CFA Francs to be withdrawn from the Credit Account and deposited into 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 into 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; and (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.

