

CONFORMED COPY

CREDIT NUMBER 1950 CD

(Education Rehabilitation Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 25, 1988

CREDIT NUMBER 1950 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 25, 1988, between REPUBLIC OF CHAD (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 Association has received a letter dated June 17, 1988, from the Borrower describing a program of actions, objectives and policies designed to achieve gradual rehabilitation of the Borrower's education sector (the Program) and declaring the Borrower's commitment to the execution of the Program; 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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "Fiscal Year" means the Borrower's fiscal year which runs from January 1 to December 31;

(c) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated December 11, 1987 and December 30, 1987 between the Borrower and the Association;

(d) "CRFC" means Centre Regional de Formation Continue, the regional in-service training centers of the Borrower;

(e) "DEE" means Direction de l'Enseignement Elementaire;

(f) "DNPE" means Direction Nationale des Projets Education;

(g) "INSE" means Institut National des Sciences de l'Education;

(h) "MEN" means Ministere de l'Education Nationale; and

(i) "Project Area" means the regions of Abeche (Zone 1) and N'Djamena (Zone 2) in the north, and the regions of Sahr (Zone 1) and Moundou (Zone 2) in the south.

## 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 two hundred thousand Special Drawing Rights (SDR 16,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Francs a special account in a commercial bank on terms and conditions satisfactory to the Association. 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 a 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; (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 as of the next payment date in that year specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988 shall be applied as of July 1, 1988.

(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 June 1 and December 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 semiannual installments payable on each June 1 and December 1 commencing December 1, 1998 and ending June 1, 2028. Each installment to and including the installment payable on June 1, 2008 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. 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 MEN with due diligence and efficiency and in conformity with appropriate administrative, financial and educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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. The Borrower shall:

(a) by September 30 in each year the Project is being implemented, furnish to the Association for its review and comment: (i) a report on the execution of the Program and the Project during the previous year, in such detail as the Association shall reasonably request; (ii) a draft detailed implementation schedule for the next following year; (iii) the draft three-year rolling investment program for the education sector; and (iv) the draft budget law for said sector for the next following fiscal year, including the recurrent budget, all prepared in accordance with the Program; and

(b) by November 30 in each year the Project is being implemented, review with the Association the progress achieved in carrying out the Program and the Project, and agree with the Association on the draft documents referred to under paragraph (a) above. During the review which shall take place by November 30, 1989, the Borrower shall also agree with the Association on proposed target zones for the sectoral policy framework.

Section 3.04. The Borrower shall by June 30, 1989 furnish to the Association for comments draft manuals on classroom construction, rehabilitation and maintenance, and, promptly after taking into consideration the Association's comments, distribute said manuals in the Project Area.

Section 3.05. The Borrower shall, not later than December 31, 1988, establish within DEE a teacher training monitoring unit.

Section 3.06. The Borrower shall:

(a) furnish to the Association for comments, not later than December 31, 1988, the study on MEN's organization and methods; and

(b) implement, not later than June 30, 1989, those recommendations of said study agreed upon with the Association.

Section 3.07. The Borrower shall:

(a) take all necessary actions required to ensure regular payment of education personnel salaries on the basis of at least 60% of their nominal 1967 value; and

(b) in order to carry out Part B.3 of the Project: (i) within the framework of ongoing studies to improve the budget execution procedures, prepare a scheme to ensure regular payment of civil servants salaries and in particular those of education personnel; (ii) by November 30, 1989 submit such scheme to the Association for its comments; and (iii) implement said scheme in accordance with modalities agreed upon with the Association.

Section 3.08. The Borrower shall maintain at all times during the execution of the Project the full-time positions of Project Director, Accountant, Project Administrator and Educator/Education Planner, said positions to be filled at all times with personnel whose qualifications and experience are satisfactory to the Association.

Section 3.09. In order to carry out Part B.7 of the Project, the Borrower shall, through the Cellule de Reflexion sur le Developpement de l'Education, formulate a global human resource development strategy. Any additional activity to formulate said strategy and proposed for financing out of the proceeds allocated from time to time to Category (7) of the table in paragraph 1 of Schedule 1 to this Agreement, shall be submitted by the Borrower to this Association for approval with a detailed plan and an estimate of the costs thereof.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account for each fiscal year, audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than 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:

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph 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

##### Additional Event of Suspension

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that an event has occurred which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Project Administrator referred to under Section 3.08 of this Agreement is in place, and that a contract with the Educator/Education Planner referred to under Section 3.08 of this Agreement has been signed.

Section 6.02. 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.

Section 6.03. The obligations of the Borrower under Section 3.07 (a) of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date ten years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for planning 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:

Ministry of Planning and Cooperation  
B.P. 286  
N'Djamena  
Republic of Chad

Cable address:

Telex:

MINPLAN  
N'Djamena

5329 KD

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.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

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 CHAD

By /s/ Mahamat Ali Adoum

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Paul Isenman

Acting Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	4,100,000	100%
(2) Furniture and non-pedagogical equipment	2,100,000	100%
(3) Pedagogical materials	2,000,000	100%
(4) Consultants' services	2,600,000	100%
(5) Training and fellowships	1,800,000	100%
(6) Operating costs	1,700,000	85%
(7) Goods and ser- vices for Part B.7 of the Project	200,000	100%
(8) Refunding of Project Prepara- tion Advance	425,000	Amount due pur- suant to Section 2.02 (b) of this Agreement
(9) Unallocated	1,275,000	
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TOTAL	16,200,000	

2. For the purposes of this Schedule, the term "operating costs" means expenditures incurred by the Borrower in relation to the Project for items such as office supplies,

fuel, vehicle maintenance, travel and subsistence expenses during travel.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) payments made for expenditures under Category (1), unless a contract with an association of volunteers for the execution of Part A.1 of the Project has been signed; and (c) payments made for expenditures under Category (7), unless the Association has approved the additional activity proposed by the Borrower in accordance with Section 3.09 of this Agreement.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower's efforts to rehabilitate its education sector through: (i) a program of sectoral policies, aimed at increasing sectoral resources, to ensure their efficient use and to avoid the appearance of significant sectoral distortions; (ii) the improvement of the physical environment and the quality of primary education; and (iii) the strengthening of sectoral planning and management.

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: Rehabilitation of Primary Education

1. Construction or renovation and equipment of about 1,000 classrooms in primary schools in the Project Area.
2. Acquisition and distribution countrywide of low cost teaching and learning materials including the acquisition of about 600,000 textbooks, pedagogical materials for primary schools, and about 4,000 metal trunks for book storage and delivery.
3. Training of about 1,750 supplementary teachers, development and distribution of training materials, acquisition of about 5 vehicles and 20 light motorcycles for the CRFC, and award of fellowships for training abroad to selected INSE and DEE staff.
4. Improvement of teacher supervision:
  - (a) countrywide training in school management for supervisory staff (about 60 inspectors and CRFC directors, and about 600 school directors) including the rehabilitation of selected inspectorates' buildings and the development and distribution of training materials; and
  - (b) acquisition of about 41 vehicles and 34 light motorcycles, office equipment and materials for the inspectorates.

#### Part B: Rehabilitation of Sector Management Capabilities

1. Improving MEN's organization and methods to enhance its operational efficiency and managerial practices.
2. Training in education budget preparation, execution and control procedures through introduction of computerized budgeting.
3. Streamlining of procedures for payment of education personnel salaries.
4. Updating personnel files to strengthen personnel management, and personnel costs monitoring.
5. Strengthening the capacities of MEN's Planning Unit in the collection, processing and analysis of statistical data, the planning of school location, and the conduct of studies.
6. Strengthening of DNPE's capacity in project management and coordination through acquisition of office furniture and equipment, and employment of specialists' services



and award of scholarships for training abroad.

7. Preparation and implementation of other activities aimed at formulating a global human resource development strategy to improve the efficiency of the education sector including, inter alia, studies, applied research, pilot programs and national fora.

8. Preparation of a follow-up education project.

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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

1. Except as provided in Part C 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 and works shall be grouped in bid packages estimated to cost the equivalent of \$100,000 or more each.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Chad may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Other Procurement Procedures

1. All civil works and equipment which cannot be grouped in packages of at least \$100,000 equivalent may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association, provided that: (a) the aggregate cost of such contracts financed out of the proceeds of the Credit shall not exceed the equivalent of \$1,500,000; and (b) (i) all bids shall be opened in public and bidders' representatives shall be allowed to be present; (ii) criteria for evaluating bids shall be set out clearly and communicated to all bidders; (iii) no preference margin shall be granted to domestic manufacturers or suppliers; and (iv) foreign companies are authorized to bid in accordance with local procedures.

2. Works, goods and services estimated to cost less than \$20,000 equivalent per contract may be procured under contracts awarded on the basis of price quotations invited from at least three reputable suppliers in accordance with procedures acceptable to the Association, provided that the aggregate cost of such contracts shall not exceed the equivalent of \$300,000.

3. Textbooks and manuals estimated to cost the equivalent of \$3,120,000 may be procured after quotations invited from at least three international publishers, in accordance with procedures satisfactory to the Association.

###### Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract or bid packages 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 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 subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 10% 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 experts and 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 (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 340,000,000 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 may 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 a 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 Bank 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 made 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. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(i) 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

(ii) 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.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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

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