

CONFORMED COPY

CREDIT NUMBER 1788-SU

DEVELOPMENT CREDIT AGREEMENT

(Fourth Power Project)

between

THE REPUBLIC OF SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 9, 1987

CREDIT NUMBER 1788-SU

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 9, 1987, between THE REPUBLIC OF SUDAN (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower has contracted from the African Development Fund (ADF) a loan (the ADF Loan) in an amount equivalent to thirty-five million ADF Units of Account to assist in financing the Project on the terms and conditions set forth in an agreement (the ADF Loan Agreement) entered into between the Borrower and ADF;

(C) the Project will be carried out with respect to Parts A, B and C by the National Electricity Corporation (NEC) and with respect to Part D by the National Energy Administration (NEA) with the Borrower's assistance and, as part of such

assistance, the Borrower will make available to NEC and NEA the proceeds of the Credit as provided in this Agreement; 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 NEC;

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) "NEC" means the National Electricity Corporation, a corporation established and operating under the Borrower's National Electricity Corporation Act of 1982;

(b) "NEA" means the National Energy Administration within the Borrower's Ministry of Energy and Mining;

(c) "Project Agreement" means the agreement between the Association and NEC 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;

(d) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and NEC pursuant to Section 3.01 (b) (i) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

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

(f) "NEA Special Account" means the account referred to in Section 2.02 (c) of this Agreement; and

(g) "fiscal year" means the period starting July 1 and ending June 30 of each year.

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 this Agreement, an amount in various currencies equivalent to thirty million one hundred thousand Special Drawing Rights (SDR 30,100,000).

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 Parts A, B and C of the Project, open and maintain in U.S. dollars a special account (the NEC Special Account) in the

Bank of Sudan on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the NEC Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

(c) The Borrower shall, for the purposes of Part D of the Project, open and maintain in U.S. dollars a special account (the NEA Special Account) in the Bank of Sudan on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the NEA Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1992, 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 at the rate of one-half of one percent ($1/2$ of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) 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 April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing October 1, 1997, and ending April 1, 2037. Each installment to and including the installment payable on April 1, 2007, shall be one-half of one percent ($1/2$ of 1%) of such principal amount, and each installment thereafter shall be one and one-half percent ($1-1/2\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement: (i) shall cause NEA to carry out Part D of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and (ii) shall cause NEC to perform in accordance with the provisions of the Project Agreement all the obligations of NEC 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 NEC 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:

(i) relend, out of the proceeds of the Credit, an amount not exceeding

the equivalent of SDR 29,700,000 under a subsidiary loan agreement to be entered into between the Borrower and NEC, under terms and conditions which shall have been approved by the Association and which shall include, inter alia, a service charge of 7.92% per annum, repayment over 20 years, including five years of grace, and the foreign exchange risk to be borne by NEC; and

(ii) make available, out of the proceeds of the Credit, an amount not exceeding the equivalent of SDR 400,000 to NEA on a grant basis under terms and conditions which shall have been approved by the Association.

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

Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A, B and C of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of the Schedule to the Project Agreement.

(b) In order to assist NEA in carrying out Part D of the Project, the Borrower shall cause NEA 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.

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) in respect of Parts A, B and C of the Project shall be carried out by NEA pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial and Other Covenants

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

(b) The Borrower shall cause NEA 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 NEA 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 copies of its financial statements for such year 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:

(a) (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until one year after the completion of 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.

Section 4.02. The Borrower shall:

(a) in order to enable NEC to meet the requirements of Sections 4.03 and 4.04 of the Project Agreement, review NEC's tariffs and take appropriate action thereon; and

(b) take all measures required on its part to enable NEC to implement the tariff structure pursuant to Section 4.06 of the Project Agreement.

Section 4.03. The Borrower shall revise, in accordance with its ongoing overall energy pricing policy review, the fuel oil prices to reflect the cost of production, transportation and marketing.

Section 4.04. The Borrower shall:

(a) by December 31, 1987, settle the outstanding bills for electricity rendered by NEC to the Borrower and its non-revenue earning agencies, so that the remaining outstanding electricity bills do not exceed 90 days of their respective consumption over the last twelve months; and

(b) commencing December 31, 1987, undertake quarterly reviews and settlements, acceptable to the Association, of the outstanding electricity bills of the departments and non-revenue earning agencies of the Borrower.

Section 4.05. The Borrower shall, without limitation or restriction upon the provisions of Section 3.01 of this Agreement, take all measures necessary to ensure that NEC has access to foreign exchange funds needed to obtain essential imported recurrent inputs, spare parts and machinery replacements.

Section 4.06. In order to ensure the reliable transportation of fuel supply to the Khartoum area power generation stations, the Borrower shall prepare and furnish to the Association, not later than December 31, 1988, a program, including timetable, outlining the actions for securing a reliable fuel supply before commissioning of the generating facilities under the Project.

Section 4.07. The Borrower shall:

(a) transfer, not later than December 31, 1987, to the regional power supply entities the assets and financing liabilities associated therewith, which are included in NEC's balance sheet but relate to electricity supply operations outside the national grids; and

(b) finalize, not later than December 31, 1987, the on-lending arrangements

for all foreign grants and loans obtained by the Borrower and passed on to NEC for the purpose of financing NEC's power investments.

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) NEC 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 NEC will be able to perform its obligations under the Project Agreement.

(c) The Borrower's National Electricity Corporation Act of 1982 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NEC to perform any of its obligations under the Project Agreement.

(d) The Borrower, or any other authority having jurisdiction, shall have taken any action for the dissolution or disestablishment of NEC or for the suspension of its operations.

(e) (i) Subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of any grant or loan 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 of the agreement providing therefor; or

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

(ii) Subparagraph (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) 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;

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur; and

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

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the

effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) that the Senior Director of Finance and the Senior Director of Planning of NEC have been appointed; and

(b) that the Subsidiary Loan Agreement has been executed on behalf of the Borrower and NEC.

Section 6.02. The following are specified as additional matters, 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:

(a) that the Project Agreement has been duly authorized or ratified by NEC and is legally binding upon NEC in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and NEC and is legally binding upon the Borrower and NEC in accordance with its terms.

Section 6.03. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Finance and
Economic Planning
P.O. Box 2092
Khartoum
The Republic of Sudan

| | |
|-------------------|--------|
| Cable address: | Telex: |
| EIMAR Khartoum | 22324 |

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.

THE REPUBLIC OF SUDAN

By /s/ Salah Ahmed

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 Credit Allocated (Expressed in SDR Equivalent) | % of Expenditures to be Financed |
|---|---|--|
| (1) Civil works | 8,600,000) | |
| (2) Equipment and materials | 13,100,000) | |
| (3) Technical assistance: |) | |
| (a) under Parts A, B and C of the Project | 5,000,000) | 100% of foreign expenditures |
| (b) under Part D of the Project | 400,000) | |
| (4) Unallocated | 3,000,000 | |
| TOTAL | <u>30,100,000</u> | |

2. For the purposes of this Schedule, 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.

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: (i) to expand NEC's power generation facilities; (ii) to strengthen NEC's and NEA's management capabilities; and (iii) to improve the Borrower's long-term planning efforts for the energy sector.

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: Khartoum North Power Plant Expansion

Supply, erection and commissioning of two oil-fueled steam thermal generating units with a capacity of between 45 MW and 60 MW each and associated equipment.

Part B: Support of NEC

Strengthening of NEC's financial and corporate planning capabilities through the provision of consultants' services, training and computer facilities.

Part C: Power Subsector Studies

1. An environmental study on the impact of the present and future thermal generation on the Khartoum area.
2. A study of load characteristics and patterns of consumption by consumer category and analysis of technical and other losses.

Part D: Support of NEA

Strengthening of NEA's energy planning and managerial capabilities through the provision of consultants' services and training.

* * * * *

The Project is expected to be completed by December 31, 1991.

SCHEDULE 3

NEC Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1), (2) and (3) (a) 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 Parts A, B and C of 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 SDR 2,400,000 to be withdrawn from the Credit Account and deposited into the NEC Special Account pursuant to paragraph 3(a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the NEC 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 NEC Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the NEC Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the NEC Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the NEC Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and

deposit into the NEC Special Account such amounts as shall be required to replenish the NEC Special Account with amounts not exceeding the amount of payments made out of the NEC 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 the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the NEC Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for Eligible Expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the NEC Special Account shall be made by the Association when either of the following situations first arises:

(i) 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) the total unwithdrawn amount of the Credit allocated to the Eligible Categories for Parts A, B and C of the Project, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Parts A, B and C of the Project, shall be equal to 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 for Parts A, B and C of the Project 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 NEC 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 NEC Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the NEC 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. No further deposit by the Association into the NEC Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in the NEC 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 for crediting to the Credit Account.

SCHEDULE 4

NEA Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Category" means Category (3) (b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for Part D of the Project and to be financed out of the proceeds of the Credit allocated from time to time to the Eligible

Category in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to SDR 80,000 to be withdrawn from the Credit Account and deposited into the NEA Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the NEA 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 NEA Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the NEA Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the NEA Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the NEA Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the NEA Special Account such amounts as shall be required to replenish the NEA Special Account with amounts not exceeding the amount of payments made out of the NEA Special Account for Eligible Expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective Eligible Category, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the NEC Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for Eligible Expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the NEA Special Account shall be made by the Association when either of the following situations first arises:

(i) 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) the total unwithdrawn amount of the Credit allocated to the Eligible Category for Part D of the Project, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Part D of the Project, shall be equal to 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 Category for Part D of the Project 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 NEA 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 NEA Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the NEA 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. No further deposit by the Association into the NEA Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in the NEA 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 for crediting to the Credit Account.

