

CONFORMED COPY

CREDIT NUMBER 2356 SL

(Power Sector Rehabilitation Project)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 25, 1992

CREDIT NUMBER 2356 SL

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 25, 1992 between the REPUBLIC OF SIERRA LEONE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Project will be carried out with the Borrower's assistance by the National Power Authority (NPA), a statutory corporation established and operating under the laws of the Borrower;

(C) the Borrower will, as part of such assistance, make available to NPA the proceeds of the Credit as hereinafter provided;

(D) the Borrower intends to obtain from the Export-Import Bank of Japan, Japan Exim, a grant (the Japan Exim Grant) in an

amount equivalent to \$7,090,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement to be entered into between Japan Exim and the Borrower;

(E) the Borrower intends to obtain from the European Investment Bank (EIB) a loan (the EIB Loan) in an amount equivalent to about ECU 15,000,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement to be entered into between EIB and the Borrower;

(F) the Borrower intends to obtain from the Commission of the European Communities (EC) a grant (the EC Grant) in an amount equivalent to \$10,000,000 to assist in financing Parts B and C of the Project on the terms and conditions set forth in an agreement to be entered into between EC and the Borrower; 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) "Project Agreement" means the agreement between the Association and NPA of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

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

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

(d) "NPA Act" means the National Power Authority Act, 1982 of the Borrower, as amended to the date of this Agreement; and

(e) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated February 13, 1987 and March 11, 1987 between the Borrower and the Association.

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 fifteen million three hundred thousand Special Drawing Rights (SDR 15,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable

cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars 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 3 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 March 31, 1997 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent ($1/2$ of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

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

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one 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. (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 April 1 and October 1 commencing October 1, 2002 and ending April 1, 2032. Each installment to and including the installment payable on April 1, 2012 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by

requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause NPA to perform in accordance with the provisions of the Project Agreement all the obligations of NPA 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 NPA 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 relend the proceeds of the Credit to NPA under a subsidiary loan agreement to be entered into between the Borrower and NPA, under terms and conditions which shall have been approved by the Association which shall include: (i) repayment of principal in 20 years (including 5 years of grace); (ii) annual interest at the prevailing rate payable by borrowers on loans made by the Bank; and (iii) the assumption by NPA of any foreign exchange risks on proceeds of the Credit relent to it.

(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. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement.

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

Section 3.04. The Borrower shall increase its equity in NPA by an amount equal to the total amount of import duties to be paid by NPA on goods which it will import for purposes of the Project. The Borrower and the Association presently estimate the said duties to amount in the aggregate in 1992 prices to \$10,233,000 equivalent.

Section 3.05. (a) The Borrower shall by December 31, 1993 through its Ministry of Labour, Energy and Power carry out a study to consolidate all energy sector activities within one ministry. The terms of reference of said study shall be satisfactory to the Association.

(b) The Borrower shall: (i) furnish to the Association for its review and comments the results of the said study; and (ii) carry out the recommendations of the study in accordance with a time table satisfactory to the Association.

Section 3.06. If the Borrower at any time decides to transfer any hydro-electric power station to NPA, it shall consult and reach agreement with the Association on the appropriate measures to ensure that NPA's financial viability is not adversely affected by such transfer.

Section 3.07. (a) The Borrower shall, as from April 1, 1993, settle outstanding amounts owed to NPA no later than 30 days after the billing date.

(b) The Borrower shall: (i) by April 1, 1993 (A) carry out a review of its debts to NPA in order to validate and reschedule, as necessary, such debts, and (B) settle in full at least 50% of all of its outstanding debts to NPA; and (ii) by October 1, 1993 settle in full all the remaining outstanding amounts of such debts.

(c) The Borrower shall not, without the Association's approval, carry out any investment project in the power sector exceeding \$1,000,000 equivalent per year which is not included in an investment program agreed by the Borrower and the Association.

Section 3.08. The Borrower shall: (i) include in its existing petroleum pricing formula the price of fuel oil; and (ii) furnish by September 1, 1992 to the Association the said pricing formula (including the price of fuel oil).

ARTICLE IV

Financial and other Covenants

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

- (i) maintain or cause to be maintained, in accordance with sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made;

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and 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 the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably

requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and

- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

ARTICLE V

Remedies of the Association

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

(a) NPA 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 NPA will be able to perform its obligations under the Project Agreement;

(c) the Borrower shall have failed to revise by October 31, 1992 the NPA Act so as to provide NPA with the degree of autonomy it requires for the efficient exercise of its functions;

(d) the NPA Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NPA to perform any of its obligations under the Project Agreement;

(e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of NPA or for the suspension of its operations; and

(f) Subject to paragraph (g) of this Section:

(i) the right of the Borrower to withdraw the proceeds of any loan, credit or grant made to the Borrower for the financing of the Project (including the Japan Exim Grant, the EIB Loan and the EC Grant) shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

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

(g) Paragraph (f) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that: (i) 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 (ii) 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; and

(b) the events specified in paragraphs (c), (d), (e) and (f) of Section 5.01 of this Agreement shall occur subject in the case of the event specified in paragraph (f) of that Section to the proviso of paragraph (g) thereof.

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 Subsidiary Loan Agreement has been executed on behalf of the Borrower and NPA;

(b) the submission to the Association of a financing plan for the Project satisfactory to the Association;

(c) the introduction in Parliament of a bill revising the NPA Act in order to provide the degree of autonomy NPA requires for the efficient exercise of its functions;

(d) the reduction by NPA of its staff by at least 45% under a plan satisfactory to the Association; and

(e) the submission to the Association of NPA's audited annual reports for fiscal years 1990 and 1991.

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 NPA, and is legally binding upon NPA in accordance with its terms; and

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

Section 6.03. The date (90) 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, Development 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:

The Financial Secretary
The Ministry of Finance, Development and
Economic Planning
Freetown
Sierra Leone

Cable address:

Telex:

MINFIN
Freetown

3363

Telefax:

225353

For the Association:

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

Cable address:

Telex:

INDEVAS	197688 (TRT)
Washington, D.C.	248423 (RCA)
	64145 (WUI) or
	82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SIERRA LEONE

By /s/ W. B. Wright

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim

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) Generating unit	5,030,000	100%
(2) General Plant	1,180,000	100% of foreign expenditures
(3) (a) Engineering and consultants' services	720,000	100%
(b) Consultants' services for the Bumbuna hydro-electric power project	660,000	100%

(4)	Studies	730,000	100% of foreign expenditures
(5)	Management services	3,280,000	100%
(6)	Training	280,000	100% of foreign expenditures
(7)	Lubrication oil	590,000	100% of foreign expenditures

	Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(8)	Refunding of Project Preparation Advance	550,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9)	Unallocated	2,280,000	
	TOTAL	15,300,000 =====	

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:

(a) payments made for expenditures prior to the date of this Agreement; and

(b) expenditures under Categories (1) and (2) unless a qualified utility and/or utility consulting firm satisfactory to the Association has been employed to manage NPA under a contract satisfactory to the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to assist NPA to (A) restore adequate and reliable supply of electricity to its customers through the maintenance, rehabilitation and replacement of its facilities, and (B) develop institutionally into an autonomous and commercially viable utility capable of providing reasonably priced and reliable service to its customers; and (ii) to assist the Borrower to develop a comprehensive power sector development policy.

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: Generation

- (1) Rehabilitation of the Kingtom powerhouse and two Sulzer units and their auxiliary systems.
- (2) Installation of two 5 MW medium-speed (300-700 rpm) diesel generating units in the Kingtom or Blackhall Road power plants.
- (3) Provision of spare parts for the rehabilitated and the new generating units.

- (4) Installation of an oil-water separator and an incinerator to avoid spilling oil into the sea.

Part B: Subtransmission

- (1) Replacement, expansion and/or rehabilitation of switchgear for substations; and expansion of transformer capacity and construction of a new substation.
- (2) Construction of a new 3.5 km line from Kingtom to Wilberforce; and rehabilitation of the Congo Cross-Mammy Yoko line.

Part C: Distribution

- (1) Construction of about 23 km of 11 kV overhead lines and 4 km of underground cables to rehabilitate about 28 km of damaged underground cable, and extension of about 10km of the 11 kV network with overhead lines.
- (2) Rehabilitation of about 60 km of LV lines.
- (3) Replacement of about 5,000 meters and house service drops.
- (4) Minimum rehabilitation of the public lighting system.
- (5) Purchase and installation of distribution transformers, ring main units, low voltage boards and other associated equipment.

Part E: Institutional Strengthening

- (1) Assisting NPA to develop into an autonomous and commercially viable utility.
- (2) The employment of a qualified utility and/or a utility consulting firm to manage NPA for a period of at least three years under a performance-based management contract satisfactory to the Association.
- (3) The strengthening, definition of the functions, and responsibilities of NPA's Board of Directors and management.
- (4) Overseas and local training of the staff of NPA.

Part F: Supervision of Bumbuna Hydro-electric Power Project

Supervision by NPA of the civil works for the Bumbuna hydro-electric power project.

Part G: Communication and Data Processing

- (1) Installation of a repeater station, a base station, purchase of additional transreceivers and, improvement of existing transreceivers.
- (2) Improving NPA's existing data processing equipment to strengthen billing, accounting, payroll and budget control and inventory control at NPA's warehouses, and purchase of microcomputers for engineering and planning.

Part H: Studies

Preparation of: (a) a plan to consolidate energy sector activities within a single ministry of the Borrower; (b) a Master Plan for the development of the power sector of Sierra Leone; and (c) an environmental study for the Bumbuna hydroelectric project.

Part I: Procurement of Lubricants

Procurement of lubricating oil for the generating units

installed in Freetown.

Part J: General Plant

Procurement of general plant including operating and maintenance equipment, tools, spare parts and vehicles.

* * *

The Project is expected to be completed by March 31, 1996.

SCHEDULE 3

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 \$150,000 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 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, 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.

