

CONFORMED COPY

CREDIT NUMBER 1896 BUR

Development Credit Agreement

(Agricultural Research Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 23, 1988

CREDIT NUMBER 1896 BUR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 23, 1988, between BURKINA FASO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; 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, including any sub-accounts of said account opened by the Borrower in respect of the Project;

(b) "MESRS" means the Borrower's Ministry of Higher Education and Scientific Research;

(c) "INERA" means the Agricultural Research Institute (Institut d'Etudes et de Recherches Agricoles) established and operating within MESRS pursuant to the Borrower's Raabo No. AN-IV/037/CNR/MESRS/MAE, dated June 16, 1987;

(d) "IRBET" means the Research Institute for Tropical Biology and Ecology (Institut de Recherche en Biologie et Ecologie Tropicale), established and operating within HESRS pursuant to the Borrower's Raabo conjoint No. AN-V/007/FP/ESRS/ET/AE/EN/CNRST, dated December 18, 1987;

(e) "Research program" means any of the agricultural research programs referred to under Schedule 2 to this Agreement and to be carried out by INERA and IRBET;

(f) "Research station" means any of INERA's stations located in Kamboinse, Saria, Farako-Ba, Di, Kouare and Katchari;

(g) "CC" means INERA's or IRBET's Management Council (Conseil de Gestion) established pursuant to the Borrower's Raabo No. AN-IV/037/CNR/MESRS/MAE, dated June 16, 1987, and Raabo conjoint No. AN-V/007/FP/ESRS/ET/AE/EN/CNRST, dated December 18, 1987, respectively;

(h) "BAT" means INERA's Bureau d'Appui Technique;

(i) "CFAF" means the currency of the Borrower;

(j) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters, dated December 21, 1982, and January 11, 1983; October 7, 1985, and November 20, 1985; March 24, 1987, and May 28, 1987, between the Borrower and the Association; and

(k) "Fiscal Year" means INERA's fiscal year which runs from January 1 to December 31.

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 fourteen million one hundred thousand Special Drawing Rights (SDR 14,100,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account, in accordance with the provisions of Schedule I 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 all Parts of the Project, including those to be carried out by IRBET, open and maintain in CFAF a Special Account in a commercial bank in the name of INERA on terms and conditions satisfactory to the Association. All INERA's and IRBET's invoices to be paid out of the Special Account shall be paid by INERA. 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 March 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; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied 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 May 1 and November 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 May I and November I commencing May 1, 1998, and ending November 1, 2027. Each installment to and including the installment payable on November 1, 2007, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to this end shall, through MESRS, cause INERA and IRBET to carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural research practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall, for the purposes of the Project, make the proceeds of the Credit available to INERA on a nonreimbursable basis.

(c) Without any limitation upon any of its obligations under paragraph (b) of this Section, the Borrower shall make annual recurrent budget allocations to INERA and IRBET of at least CFAF 200,000,000 and CFAF 31,000,000, respectively.

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 cause INERA to:

(a) employ a locally-recruited Information and Training Officer with experience and qualifications acceptable to the Association, not later than November 30, 1988; and

(b) prepare and furnish to the Association for its review and comments: (i) a detailed scientific and laboratory equipment purchase program for INERA, including cost estimates, not later than January 31, 1989; and (ii) a livestock production research program including detailed investment proposals, not later than September 30, 1989.

Section 3.04. The Borrower shall, not later than October 31, 1988, take all necessary measures to implement the organizational and staffing arrangements established by INERA and IRBET Statutes.

Section 3.05. The Borrower shall: (a) maintain at all times: (i) the agreed establishment of research staff for INERA and IRBET; and (ii) INERA's and IRBET's key positions filled with qualified research and support staff; and

(b) communicate to the Association, for its prior approval, all proposed changes in the organizational structure of INERA and IRBET.

Section 3.06. The Borrower shall, not later than May 15 of each year, prepare and furnish to the Association, for its review, INERA's and IRBET's joint draft research programs and budgets for the immediately following year, so as to enable the Association to make its respective comments to INERA's CG meeting.

Section 3.07. The Borrower shall, not later than May 31 of each year, hold an annual meeting with the Association and other major aid agencies participating in the financing of agricultural research to: (a) review results of the research programs carried out by INERA and IRBET during the previous year; and (b) discuss work plans, research programs, cost and financing plans proposed for the following year.

Section 3.08. The Borrower shall: (a) not later than June 30, 1992, conduct a mid-term review of progress achieved in the implementation of the Project, including the appropriateness of organizational and institutional arrangements for agricultural, livestock and forestry research; and (b) promptly thereafter furnish to the Association, for its review and comments, the findings and recommendations of the mid-term review carried out pursuant to paragraph (a) of this Section.

Section 3.09. For the purposes of Part D of the Project, the Borrower shall prepare and furnish to the Association for its review and comments: (a) not later than December 31, 1988, a draft detailed first year's training program for INERA and IRBET staff to be implemented not later than May 31, 1989; and (b) not later than May 31 of

each year thereafter, a detailed training program for the following year.

Section 3.10. The Borrower shall take all steps necessary to ensure that all INERA and IRBET staff having received training abroad, financed under the Project, remain in their assignments for a period of at least five (5) years after completion of such training.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause INERA to maintain records and accounts adequate to reflect, in accordance with sound accounting practices, INERA's operations, resources and expenditures in respect of the Project, including those of IRBET.

(b) The Borrower shall cause INERA to:

(i) have its 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 financial statements, as well as the audit thereof, as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall cause INERA to:

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

(ii) retain, until at least 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.

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) Raabo No. AN-IV/037/CNR/MESRS/MAE, dated June 16, 1987, and Raabo No.

AN-V/007/FP/ESRS/ET/AE/EN/CNRST, dated December 18, 1987, of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out the Project.

(b) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of INERA or IRBET or for the suspension of their operations that would materially and adversely affect the objectives of the Project.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified, namely, that any of the events specified in paragraphs (a) and (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) an internationally-recruited Research Management Specialist has been employed to assist the Director of INERA, in accordance with Section II of Schedule 3 to this Agreement;

(b) tenancy of the land assigned to INERA and IRBET for the implementation of the construction program under Parts B.1 and B.2 of the Project referred to under Schedule 2 to this Agreement has been legally attributed to MESRS; and

(c) the members of INERA's CG have been appointed.

Section 6.02. The date one hundred 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 the Borrower at the time responsible for financial resources 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:

Ministere des Finances
B.P. 7008
Ouagadougou
Burkina Faso

Cable address:

REFI
Ouagadougou

Telex:

5256

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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.

BURKINA FASO

By /s/ Paul-Desire Kabare

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:		
(a) INERA and IRBET head- quarters	200,000	100%
(b) Research stations	2,000,000	100%
(c) Livestock production at Katchari	200,000	100%
(2) (a) Vehicles, furni- ture, office and agricultural equipment	1,700,000	100%
(b) Scientific and laboratory equipment	300,000	100%
(3) Consultants' and specialists'	2,400,000	100%

	services, including auditors		
(4)	Training	900,000	100%
(5)	Operating costs of INERA and IRBET	3,000,000	100%
(6)	Refunding of Project Preparation Advance	1,300,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7)	Unallocated	2,100,000	
	TOTAL	14,100,000	

2. For the purposes of this Schedule, the term "Operating Costs of INERA and IRBET" means operating and maintenance costs of vehicles, equipment and buildings; travel costs for local and internationally recruited staff; inputs and materials necessary to carry out tests, trials, and periodic program reviews and planning meetings.

3. Notwithstanding the provisions of paragraph I above, no withdrawals shall be made in respect of:

- (a) payments made for expenditures prior to the date of this Agreement;
- (b) expenditures under Category (2) (b) , unless the Association shall be satisfied with the scientific and laboratory equipment purchase program referred to under Section 3.03 (b) (i) of this Agreement;
- (c) expenditures under Category (1) (a) and (b), unless the Association shall be satisfied with detailed construction and rehabilitation plans for INERA's research stations and headquarters' offices, and IRBET's headquarters' offices; and
- (d) expenditures under Category (1) (c), unless the Association shall be satisfied with the livestock production research program referred to under Section 3.03 (b) (ii) of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to:

- (a) strengthen and consolidate the Borrower's capabilities to plan, execute and evaluate agricultural research programs, including livestock and forestry research;
- (b) support specific research programs; and
- (c) strengthen the links between agricultural research and extension services.

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: Organizational Strengthening

Strengthening of INERA'S:

- 1. managerial capability;
- 2. financial management and accounting system;
- 3. capability to carry out research and studies; and

4. physical resource management:

- (a) establishment of BAT; and
- (b) elaboration of detailed equipment schedules, requirements, specifications, cost estimates and bidding documents.

Part B: Rehabilitation of Research Infrastructure

1. Rehabilitation and construction of office and laboratory space, and acquisition of office, agricultural, laboratory and scientific equipment, and research supplies for INERA's and IRBET's headquarters.
2. Construction, equipping and furnishing of about 30 houses for resident research and support staff, and about three guesthouses for visiting research staff assigned to the research stations in Kouare, Katchari and Di.
3. Connection to the existing electrical network and or installation of photo-voltaic (solar) energy systems at the research stations in Saria, Kouare, Katchari and Di.
4. Acquisition of vehicles for INERA.

Part C: Research Programs

1. Strengthening of INERA's research programs on:
 - (a) Production Systems Research (RSP);
 - (b) Water/Soil/Fertilization/Irrigation/Mechanization (ESFIMA);
 - (c) Livestock Production;
 - (d) Cereals;
 - (e) Oilseeds;
 - (f) Vegetable, Fruit and Root Crops;
 - (g) Rice; and
 - (h) Cotton.
2. Strengthening IRBET's forestry research programs for improving the efficiency of nitrogen-fixing systems on soil productivity.

Part D: Training

1. Carrying out a training program for research and support staff.
 2. Provision of:
 - (a) Fellowships, in-service and other training, including attendance at workshops, congresses, special courses, study tours and exchange visits for research staff in their respective areas of specialization;
 - (b) local training of research support staff (techniciens and observateurs) in research techniques;
 - (c) training in research management techniques for:
 - (i) INERA's Director and the Heads of Divisions and research stations;
- and
- (ii) IRBET's Director; and

(d) training of extension specialists by research staff in extension methodology.

Part E: Studies

Carrying out studies, including a review of INERA's basic seed production capacity and the ways to strengthen it.

* * *

The Project is expected to be completed by September 30, 1993.

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, works and services 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 the procurement of vehicles and equipment shall be grouped in bid packages estimated to cost the equivalent of \$50,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Burkina Faso 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. Local Competitive Bidding:

Works referred to in Part B (1) and Part B (2) of the Project and goods estimated to cost the equivalent of \$50,000 or more, but not exceeding the equivalent of \$100,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to the Association.

2. International or Local Shopping:

Goods which cannot be grouped in packages of at least \$50,000 equivalent may be procured under contracts awarded on the basis of evaluation and comparison of bids invited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association, provided the aggregate cost of such items shall not exceed the equivalent of \$300,000.

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 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 of less than the equivalent of \$20,000 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 (a) of this Agreement.

3. 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 in the optimal execution of the Project, the Borrower shall cause INERA and IRBET to employ agricultural research, management engineering, accounting and financial consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) as set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount of CFAF 160,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, 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) 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 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 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 Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments 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 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 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 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, 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 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 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 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 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 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 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.

