

CONFORMED COPY

CREDIT NUMBER 2068 GUI

(Forestry and Fisheries Management Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 9, 1989

CREDIT NUMBER 2068 GUI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 9, 1989, between the REPUBLIC OF GUINEA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower intends to contract from Caisse Centrale de Cooperation Economique (CCCE) a loan (the CCCE Loan) in an amount equivalent to US\$2,000,000 to assist in financing Part C of the Project on the terms and conditions set forth in an agreement (the CCCE Loan Agreement) to be entered into between the Borrower and CCCE;

(C) the Borrower intends to obtain from the Canadian

International Development Agency (CIDA) a grant (the CIDA Grant) in an amount of US\$1,500,000 to assist in financing Part C of the Project on terms and conditions set forth in an agreement (the CIDA Grant Agreement) to be entered into between the Borrower and CIDA;

(D) the Borrower intends to obtain from Kreditanstalt fur Wiederaufbau (KfW) a grant (the KfW Grant) in an amount equivalent to 10,000,000 Deutsche Mark to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW; 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 Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;

(b) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated February 29, 1988 and May 27, 1988 between the Borrower and the Association;

(c) "DNFC" means Direction Nationale des Forets et de la Chasse;

(d) "DRF" means the Land Division within MARA;

(e) "MARA" means the Ministere de l'Agriculture et des Ressources Animales;

(f) "SEP" means Secretariat d'Etat a la Peche;

(g) "Fiscal Year" means the period of January 1 to December 31;

(h) "Forestry Zone" means the area formed by the prefectures of Lola, Macenta, Nzerekore, Beyla and Yomou; and

(i) "Gf" means Guinean franc, the currency of the Borrower.

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 six million three hundred thousand Special Drawing Rights (SDR 6,300,000).

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 two special accounts (the Forestry Special Account and the Fisheries Special Account) in a bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts 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 June 30, 1994 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date 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.

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 April 1, 2000, and ending October 1, 2029. Each installment to and including the installment payable on October 1, 2009 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. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate financial and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) Without any limitation or restriction upon any of its obligations under Section 3.01 of this Agreement, the Borrower:

- (i) shall open, on terms and conditions satisfactory to the Association, and thereafter maintain three Project Accounts in a commercial bank in Conakry for payment of expenditures for the Project not financed out of the proceeds of the Credit; and
- (ii) shall make into such Project Accounts initial deposits of Gf 80 million for Part A of the Project, Gf 10 million for Part B of the Project and Gf 125 million for Part C of the Project.

(b) In addition to said initial deposits, the Borrower shall replenish quarterly the Project Accounts in amounts estimated, on the basis of the budgets referred to in Section 3.04 (b) of this Agreement, to be necessary to permit timely and efficient execution of the Project.

Section 3.04. The Borrower shall cause DNFC, SEP and DRF to:

(a) not later than June 30, 1990, design and set up, on terms and conditions satisfactory to the Association, Management Information Systems designed to record Project activities;

(b) not later than November 1 of each year the Project is carried out, submit to the Association for review and comments budgets and work plans for their respective operations for the following year; and

(c) not later than June 30 of each year the Project is carried out, submit to the Association for review and comments evaluations of Project activities for the previous year.

Section 3.05. The Borrower shall, in consultation with the Association, carry out a mid-term review of the Project and there-

after submit to the Association a report of said review.

Section 3.06. In order to carry out Part C of the Project, the Borrower shall prepare a system, acceptable to the Association, for the attribution of fishing licenses to the domestic and foreign fishing fleet, and for assessing fees and rates for fishing rights, and for management of the revenues of such licenses.

Section 3.07. In order to carry out Part C.2 of the Project the Borrower shall cause SEP to:

(a) make arrangements with the Borrower's navy for transportation of SEP's fisheries inspectors to fishing vessels at sea; and

(b) engage a private air charter service under terms and conditions satisfactory to the Association.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (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 Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit

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

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that:

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

ARTICLE VI

Termination

Section 6.01. 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 responsible for Economy and Finance 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 de l'Economie et des Finances
B.P. 579
Conakry, Republic of Guinea

Telex:

22399 MIFI

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 2033
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.

REPUBLIC OF GUINEA

By /s/ Kekoura Camara
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Sven Sandstrom
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) For Part A of the Project:		100%
(a) Civil works	450,000	
(b) Vehicles and equipment	660,000	
(c) Consultants' services	1,680,000	
(2) For Part B of the Project:		
(a) Civil works	140,000)	
(b) Vehicles and	230,000)	100%

	equipment)	
)	
(c)	Consultants' services)	500,000
)	
(d)	Incremental Operating Costs		450,000 95%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(3) For Part C of the Project:		
(a) Civil works	120,000	
(b) Vehicles	290,000	100%
(c) Incremental Operating Costs	840,000	38% in the First Year 27% in the Second Year 13% in the Third Year 6% in the Fourth Year
(4) Refunding of Project Preparation Advance	390,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(5) Unallocated	550,000	
	<hr/>	
TOTAL	6,300,000	

2. For the purposes of this Schedule:

(a) the term "Incremental Operating Costs" means expenditures for current expenses such as staff salaries for fisheries observers, lubricants and fuel for cars, office supplies, travel expenses and maintenance of buildings, vehicles and equipment, required for the Project;

(b) "First Year", "Second Year" and "Third Year" mean the respective twelve-months periods during which the Project is carried out, starting on the Effective Date and the first and second anniversary of said Effective Date, respectively; and

(c) "Fourth Year" means the period after the Third Year during which the Project is carried out.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

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

(b) payments for expenditures to be financed from the proceeds of the Credit allocated to Category 1 unless:

- (i) all conditions precedent to the effectiveness of the KfW Grant Agreement have been fulfilled;
- (ii) the Borrower had engaged consultants for Part A of the Project;

(iii) the Project Account referred to in Section 3.03 (a) (i) has been opened and the initial deposit referred to in Section 3.03 (a) (ii) for Part A of the Project has been made; and

(iv) the Borrower has submitted to the Association legal instruments satisfactory to the Association for the restructuring of DNFC, the Forest Departments in the Forestry Zone and the Forestry Center at Seredou.

(c) payments for expenditures to be financed from the proceeds of the Credit allocated to Category 2 unless the Project Account referred to in Section 3.03 (a) (i) has been opened and the initial deposit referred to in Section 3.03 (a) (ii) for Part B of the Project has been made; and

(d) payments for expenditures to be financed from the proceeds of the Credit allocated to Category 3 unless:

(i) all conditions precedent to the effectiveness of the CCCE Loan Agreement and the CIDA Grant Agreement have been fulfilled;

(ii) the Borrower has published in the Official Journal a revision of the Fishing Code, satisfactory to the Association, which will, inter alia, prohibit payments other than in cash for fishing licenses;

(iii) the Project Account referred to in Section 3.03 (a) (i) has been opened and the initial deposit referred to in Section 3.03 (a) (ii) for Part C of the Project has been made;

(iv) SEP has made the arrangements and engaged the services referred to in Section 3.07 of this Agreement;

(v) the Borrower has submitted to the Association the system referred to in Section 3.06 of this Agreement together with implementation plans for fiscal year 1990; and

(vi) the Borrower has submitted to the Association legal instruments, acceptable to the Association for restructuring the SEP.

SCHEDULE 2

Description of the Project

The objectives of the Project are to protect and manage the Borrower's forestry and fisheries resources, including improving land tenure arrangements, on a pilot basis, of its forestry regions.

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: Forestry

1. Preparation and implementation of financial, management and accounting systems for DNFC in Conakry and its field units in the Forest Zone.

2. Preparation and implementation of work plans, including prefectural forestry action plans for DNFC.

3. Study tours abroad and training and retraining at the Forestry Faculty in Faranah of about eighty forestry and agronomy graduates employed in DNFC and the Forestry Departments, including rehabilitation of teaching facilities at the Forestry Faculty at Faranah.

4. Preparation and implementation of management plans for the Ziama and Diecke Forestry Reserves, including demarcation of Reserve boundaries, construction of roads, establishment of about eleven forestry posts, stand improvement, enrichment planting, reforestation and provision of agro-forestry extension services.

5. Reestablishment of offices and provision of office equipment for the Forestry Center at Sereidou.

6. Preparation and implementation of management plans for dry forests in the prefectures of Dinguiraye and Dabola and other area, including construction of roads, demarcation of forest boundaries, declaring these forests protected areas, and establishment of about eleven forestry posts in the villages adjacent to said forests.

7. Provision of vehicles, equipment and improved office facilities.

Part B: Land Rights Pilot Scheme

1. Strengthening DRF through the provision of training for its staff, office equipment, vehicles, incremental operating costs and improved office facilities.

2. Carrying out an inventory and registration of land rights in selected areas.

3. Analysis of the results of the inventory and registration activities under Part B.2 of the Project and preparation of a study on their legal implication for the land tenure legislation of the Borrower.

Part C: Fisheries

1. Preparation and execution of annual offshore fisheries management plans, including monitoring, control and surveillance of foreign and domestic fishing fleets and the Borrower's fishing resources.

2. Development of procedures for inspection and monitoring of offshore fishing by SEP.

3. Classroom and on-the-job training of SEP's staff in offshore fisheries management.

4. Improvement of office facilities for SEP, including provision of office equipment.

5. Reviewing and updating the Borrower's fisheries legislation and fish pricing, licensing and taxation systems.

* * *

The Project is expected to completed by December 31, 1993.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods and works shall be

procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Contracts for goods estimated to cost between the equivalents of \$50,000 and \$150,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods or works estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000 may be procured under contracts awarded on the basis of price quotations solicited from a list of at least three reputable suppliers or contractors eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract 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 a 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 a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ forestry, land management and fisheries 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 Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) for the Forestry Special Account and Category 3 for the Fisheries Special Account 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 \$150,000 for the Forestry Special Account and \$200,000 for the Fisheries Special Account 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 a 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 a Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish said 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 made out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of a 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 a 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 a Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (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 that 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 that 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 a 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 a 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.

