

No. 14182

**CANADA
and
CARIBBEAN DEVELOPMENT BANK**

**Contribution Agreement covering the use of Canadian
special funds resources. Signed at Bridgetown on
17 February 1971**

Authentic texts: English and French.

Registered by Canada on 18 August 1975.

**CANADA
et
BANQUE DE DÉVELOPPEMENT DES CARAÏBES**

**Accord de contribution portant sur l'utilisation de fonds
canadiens spéciaux. Signé à Bridgetown le 17 février
1971**

Textes authentiques : anglais et français.

Enregistré par le Canada le 18 août 1975.

CONTRIBUTION AGREEMENT¹ BETWEEN THE GOVERNMENT OF CANADA AND THE CARIBBEAN DEVELOPMENT BANK COVERING THE USE OF CANADIAN SPECIAL FUNDS RESOURCES

Whereas the Caribbean Development Bank (hereinafter called the Bank) is empowered by its Articles of Agreement² to accept the administration of special funds which are designed to serve the purpose and come within the functions of the Bank, the Bank has determined that it is prepared to administer such special funds resources to be called the "Special Development Fund of the Caribbean Development Bank" (hereinafter called the Special Development Fund); and

Whereas the Government of Canada (hereinafter called the Contributor) has indicated its desire to assist the Bank in furthering its purpose by contributing certain resources, in the amount and on the terms hereinafter set forth, to be used in the special operations of the Bank for the provision of financing for purposes which, in the opinion of the Bank, are of high developmental priority in the light of the needs of the area or areas concerned and on terms which are more flexible and bear less heavily on recipients' balance of payments than those established by the Bank for its ordinary operations; and

Whereas the offer of the Contributor to provide additional resources has been accepted by the Bank;

Now therefore the parties hereto hereby agree as follows:

Article I. APPLICATION OF REGULATIONS AND DEFINITIONS

Section 1.01. Except as otherwise provided herein, the rules and regulations for the administration of the Special Development Fund (hereinafter called the Regulations) shall apply to the Contributed Resources and Accrued Resources derived from the Contribution (hereinafter called the Contribution) made pursuant to this Agreement with the same force and effect as if such Regulations were fully set out herein.

Section 1.02. "Contributed resources" are resources made available by the Contributor pursuant to Section 2.01 of this Agreement, repayments thereof and income derived by the Bank from such contributions or repayments. They do not include income derived from the service fee and income allocated to accrued resources.

Section 1.03. "Accrued resources" refers to Special Fund Resources derived from the service fee charged by the Bank in its Special Fund operations and to other income of the Bank allocated from the contributed resources.

Article II. CONTRIBUTION TO THE SPECIAL DEVELOPMENT FUND

Section 2.01. The Contributor agrees, subject to the appropriation of funds by the Parliament of Canada, to contribute free of interest to the Special Development Fund the Canadian dollars equivalent as of the date of this Agreement of five million United States dollars (U.S. \$5,000,000).

Section 2.02(a). Subject to the provisions of the Section 2.01 of this Agreement, the Contributor shall make the Contribution available by equal instalments in

¹ Came into force on 17 February 1971 by signature, in accordance with section 4.01.

² United Nations, *Treaty Series*, vol. 712, p. 217.

each of the five Canadian fiscal years beginning April 1970 such that the cumulative amounts of such instalments shall not exceed the limits set forth below:

Prior to 1 April 1971, the Canadian dollar equivalent of US \$1,000,000;

Prior to 1 April 1972, the Canadian dollar equivalent of US \$2,000,000;

Prior to 1 April 1973, the Canadian dollar equivalent of US \$3,000,000;

Prior to 1 April 1974, the Canadian dollar equivalent of US \$4,000,000;

and, thereafter, the Canadian dollar equivalent of US \$5,000,000.

Except in the case of the first instalment which shall be paid in cash, subsequent instalments shall be paid in the form of non-negotiable, non-interest bearing demand notes deposited to the credit of the Bank with the Bank of Canada in a separate account for the Special Development Fund. Disbursements from the account shall be made upon the request of the Bank, subject to the conditions of Section 2.03 of this Agreement.

Section 2.02(b). The Bank may commit each instalment of the Contribution during the Canadian fiscal year before it becomes available for disbursement pursuant to Section 2.02(a) of this Agreement.

Section 2.03(a). Subject to the appropriation of funds by Parliament and within the limits set out in Section 2.02 of this Agreement, the Contributor shall permit payment to the Bank of such amounts as the Bank shall estimate to be required to meet the cost of goods eligible for financing from the Contribution. Such estimate shall be submitted by the Bank quarterly in each year, and shall be in accordance with such procedures as shall be agreed between the Bank and the Contributor.

Section 2.03(b). For purposes of this Section, "goods" shall mean equipment, services and supplies with a Canadian, or other content as defined from time to time by the Contributor.

Section 2.03(c). For purposes of procurement of such goods, competitive bidding shall be held among Canadian and other eligible suppliers, in accordance with procedures agreed to between the Contributor and the Bank, except where it is agreed that such bidding would not be appropriate because of the smallness of the amount involved, uniqueness of the goods, or other such special reasons.

Section 2.04. The Bank may carry out Special Development Fund operations financed from the Contributed Resources and Accrued Resources derived therefrom by any standard methods set out in the Regulations; provided that, notwithstanding any provisions in the Regulations to the contrary; (a) administrative expenses shall not be paid nor shall financing on a non-reimbursable basis be made from the Contributed Resources but only from Accrued Resources derived from the Contribution and such other resources as may be made available to the Bank for such purposes; (b) unless otherwise agreed by the Bank and the Contributor, the Bank shall not employ the Contributed Resources to make equity investments or to guarantee loans.

Section 2.05. The Bank may, from time to time, allocate a portion of the income from the Contributed Resources to Accrued Resources in accordance with Article 6, Section 1 of the Regulations.

Section 2.06. The Bank shall carry out Special Development Fund operations financed from the Contributed Resources and Accrued Resources so that, when considering an application for financing, the Bank shall take into account, among the various pertinent factors, the general economic position of the recipient country, including its balance of payments and capacity to service additional long term external debt obligations. These factors will determine whether the terms and conditions of concessional financing are applicable in a given case or whether financing might more appropriately be provided from other sources by a loan of the type made by the Bank in its ordinary operations.

Section 2.07. The Bank shall maintain an account of all receipts and disbursements arising out of the business transacted under this Agreement and shall furnish the Contributor with a detailed statement of the account on a quarterly basis including the use of contributed resources, the status of each project or program financed therefrom, and estimates of anticipated disbursements.

Article III. INFORMATION AND CONSULTATION

Section 3.01. For purposes of consultation and communication between the Bank and the Contributor in respect of matters arising under this Agreement, the designated agency on behalf of the Contributor shall be the Canadian International Development Agency, through the Director or Alternate Director appointed by and representing the Contributor at the Bank unless otherwise agreed between the Contributor and the Bank.

Article IV. EFFECTIVE DATE, AMENDMENT,
TERMINATION, WITHDRAWAL

Section 4.01. This Agreement shall come into force and effect on the date hereof

Section 4.02. This Agreement may be amended at any time subject to the concurrence of both the Contributor and the Bank.

Section 4.03. The Contributor may withdraw all or part of the Contribution and the accrued resources derived therefrom pursuant to Article II section 2.05 of this agreement, in accordance with the procedure established by the Regulations.

Section 4.04. In the event of termination of the Bank's administration of the Contribution and accrued resources derived therefrom, the Contributor and the Bank shall consult with a view to ensuring the orderly disposition of such resources, pursuant to the procedure established by the Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in duplicate in the English and French languages, each language version being equally authentic, and delivered at the principal office of the Bank in Bridgetown, Barbados, on the 17th day of February 1971.

Government of Canada:

G. A. RAU

Caribbean Development Bank:

ARTHUR LEWIS