

No. 17013

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CANADA**

Agreement to provide for the administration by the Association of certain funds to be made available by the Canadian Government for specific development projects. Signed at Washington on 22 April 1977

Agreement amending the above-mentioned Agreement. Signed at Washington on 8 March 1978

Authentic texts: English and French.

Registered by the International Development Association on 14 September 1978.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CANADA**

Accord prévoyant l'administration, par l'Association, de certains fonds qui seront fournis par le Gouvernement canadien pour des projets de développement déterminés. Signé à Washington le 22 avril 1977

Accord modifiant l'Accord susmentionné. Signé à Washington le 8 mars 1978

Textes authentiques : anglais et français.

Enregistrés par l'Association internationale de développement le 14 septembre 1978.

AGREEMENT,¹ DATED APRIL 22, 1977, BETWEEN THE GOVERNMENT OF CANADA (HEREINAFTER REFERRED TO AS “THE GOVERNMENT”) AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (HEREINAFTER REFERRED TO AS “THE ASSOCIATION”) TO PROVIDE FOR THE ADMINISTRATION BY THE ASSOCIATION OF CERTAIN FUNDS TO BE MADE AVAILABLE BY THE GOVERNMENT FOR SPECIFIC DEVELOPMENT PROJECTS

PREAMBLE

WHEREAS the Government and the Association have cooperated and intend to continue to cooperate in the financing of development projects in member countries of the Association, in many instances by means of the co-financing of such projects;

WHEREAS the Government wishes to make available, through the services of the Association, some of its bilateral development aid funds for projects of high developmental priority in member countries of the Association in which the Government has a development aid program;

WHEREAS the Association is prepared to administer, on a mutually acceptable basis, the funds which the Government intends to make so available, through co-financing with its own resources;

NOW THEREFORE the Government and the Association have agreed as follows:

Section 1. BASIC AUTHORIZATION OF THE ASSOCIATION. On behalf of the Government of Canada and subject to the provisions of this Agreement, the Association is authorized, as administrator, to enter into agreements with member countries of the Association, providing for loans (hereinafter called “loans”) for the financing of specific projects which have a high priority for accelerating economic, technical and education development in such member countries.

Section 2. AMOUNTS AVAILABLE. (a) For the purposes of this Agreement, the Government shall make available up to thirty-five million Canadian dollars (Can. \$35,000,000) to co-finance, with the Association’s own resources, such projects as may be agreed;

(b) (i) The Association shall establish in its name a special non-interest bearing account in the Bank of Canada for the purposes of this Agreement;

(ii) The Association shall advise in advance the Canadian International Development Agency (“CIDA”) by letter or telex of the cash requirements it estimates will be needed to meet disbursements in respect of each loan in the three next ensuing months;

(iii) The Government shall promptly deposit in the Association’s above-mentioned special account the amount of cash so estimated to be needed;

¹ Came into force on 22 April 1977 by signature, in accordance with section 14.

(iv) All payments from and payments to Canada shall be made in Canadian dollars.

Section 3. TERMS OF LOANS. (a) Each loan shall be made on the same terms and conditions as the development credit granted by the Association out of its own resources for the same project but shall be provided for in a separate agreement with the recipient country.

(b) Consistent with its normal procedures, the Association is authorized to require each borrower to pay to the Association a service charge of three-quarters of one percent per annum payable in such currency as may be determined by the Association, on amounts of the loan withdrawn and outstanding to compensate it for services rendered on loans made under this Agreement.

Section 4. RESPONSIBILITY FOR SELECTION OF PROJECTS. (a) The Association shall have the primary responsibility for selecting, processing and approving loan projects and, subject to this Agreement, for establishing terms and conditions of loans, using its normal policies, procedures and staff and exercising the same care as in the administration of its own resources, provided, however, that the Association shall (i) consult CIDA at an early stage in the selection of projects and (ii) obtain the consent of CIDA before entering into any loan agreement.

(b) The Association shall furnish to CIDA such information and documentation as CIDA shall reasonably request.

(c) The Government and the Association shall, from time to time, exchange views through their representatives with regard to their respective operations in countries which are members of the Association and to the sectors and projects suitable for financing out of the resources made available under the Agreement; in appropriate circumstances and at the request of the Government, representatives of CIDA shall participate with representatives of the Association in the appraisal or supervision of projects to be financed out of such resources.

Section 5. DISBURSEMENT UNDER LOANS. (a) Withdrawal of funds provided under the loan agreements shall be effected through the Association, in accordance with its normal disbursement procedures. It is understood that the Canadian funds shall be freely exchangeable by the Association with other currencies as required for the said withdrawal.

(b) Disbursement of the Canadian funds and of the Association's own resources shall be on a *pari passu* basis unless otherwise agreed.

Section 6. RECORDS OF ASSOCIATION. The Association shall maintain separate records and accounts of funds provided under this Agreement, received and disbursed by it, and make such of these records and accounts available to CIDA as the latter may reasonably request, and in any event, furnish to the Government through CIDA (i) a quarterly statement of receipts, disbursements and cash balances under this Agreement for the preceding calendar quarter, and (ii) within three months after the end (March 31) of each fiscal year of the Government, a detailed statement of account, including the status of each loan made hereunder with funds provided under this Agreement, together with an opinion of the Association's own external auditors on such a statement of account.

Section 7. PROJECT SUPERVISION. The Association, on behalf of the Government, shall have the sole responsibility for project supervision and control including the exercise of any right or remedy under the loan agreement. The Association, however, shall keep CIDA informed with respect to the implementation of each project financed with funds made available under this Agreement.

Section 8. STANDARD OF CARE. The Association shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

Section 9. PAYMENTS OF RECEIPTS TO THE GOVERNMENT. (a) All principal repayments of loans out of Canadian Government funds shall be paid to the Association which shall pay the funds so received to the Government or its order within 15 days after receipt by the Association.

(b) Any service charges on the said loans shall be paid to and retained by the Association to defray its administrative expenses.

Section 10. TRANSFERABILITY OF OBLIGATIONS. Agreements entered into by the Association on behalf of the Government shall contain provisions permitting the transfer of rights and obligations arising thereunder from the Association to the Government.

Section 11. CONSULTATION. CIDA and the Association shall consult with each other from time to time on all matters arising out of this Agreement.

Section 12. EXTENSION AND TERMINATION. (a) The Government may, by notice to the Association, increase the amount of funds specified in Section 2 (a) of this Agreement.

(b) If it appears to either Party that the cooperation envisaged by this Agreement can no longer appropriately or effectively be carried out, the Agreement may be terminated at the initiative of such Party on one hundred and eighty (180) days' notice in writing.

(c) Upon termination of the Agreement, unless the Parties agree on another course of action, any agreement or contract or portion thereof, entered into by the Association on behalf of the Government, shall be transferred to the latter and any funds or other property held hereunder by the Association shall be returned to the Government, and the Association's administration on its behalf shall be considered terminated.

(d) Promptly after termination of the Agreement, the Association shall furnish to the Government a final report and a financial statement on the funds supplied by the Government under this Agreement, together with an opinion of the Association's own external auditors on such statement.

Section 13. The following addresses are specified for the purposes of this Agreement:

For the Government of Canada:

Canadian International Development Agency
122 Bank Street
Jackson Building
Ottawa K1A 0G4
Canada
Telex No. 0534140

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Telex No. 89650

Section 14. This Agreement shall enter into force upon signature by the Parties.

DONE at Washington, D.C. on April 22, 1977, in the English and French languages, both texts being equally authentic, in two copies, one for each Party.

Government of Canada:
Gouvernement du Canada :

By EARL G. DRAKE
Par

AGREEMENT,¹ DATED MARCH 8, 1978, BETWEEN THE GOVERNMENT OF CANADA (HEREINAFTER REFERRED TO AS "THE GOVERNMENT") AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (HEREINAFTER REFERRED TO AS "THE ASSOCIATION") AMENDING THE AGREEMENT DATED APRIL 22, 1977, BETWEEN THE SAME PARTIES, TO PROVIDE FOR THE ADMINISTRATION BY THE ASSOCIATION OF CERTAIN FUNDS TO BE MADE AVAILABLE BY THE GOVERNMENT FOR SPECIFIC DEVELOPMENT PROJECTS²

The Government and the Association agree as follows:

1. The Agreement dated April 22, 1977, between the Government and the Association² is amended to read, in its entirety, as follows:

"PREAMBLE

WHEREAS the Government and the Association have cooperated and intended to continue to cooperate in the financing of development projects in member countries of the Association, in many instances by means of the co-financing of such projects;

WHEREAS the Government wishes to make available, through the services of the Association, some of its bilateral development aid funds for projects of high developmental priority in member countries of the Association in which the Government has a development aid program;

WHEREAS the Association is prepared to administer, on a mutually acceptable basis, the funds which the Government intends to make so available, through co-financing with its own resources;

NOW THEREFORE the Government and the Association have agreed as follows:

Section 1. BASIC AUTHORIZATION OF THE ASSOCIATION. On behalf of the Government of Canada and subject to the provisions of this Agreement, the Association is authorized, as administrator, to enter into agreements with member countries of the Association, providing for loans (hereinafter called "loans") and grants (hereinafter called "grants") for the financing of specific projects which have a high priority for accelerating economic, technical and education development in such member countries.

Section 2. AMOUNTS AVAILABLE. (a) For the purpose of this Agreement, the Government shall make available up to thirty-five million Canadian dollars (Can. \$35,000,000) to co-finance, with the Association's own resources, such projects as may be agreed;

(b) (i) The Association shall establish in its name a special non-interest bearing account in the Bank of Canada for the purposes of this Agreement;

(ii) The Association shall advise in advance the Canadian International Development Agency ("CIDA") by letter or telex of the cash requirements it estimates will be needed to meet disbursements in respect of each loan and grant in the three next ensuing months;

¹ Came into force on 8 March 1978 by signature, with retroactive effect from 22 April 1977, in accordance with section 14.

² See p. 332 of this volume.

(iii) The Government shall promptly deposit in the Association's above-mentioned special account the amount of cash so estimated to be needed;

(iv) All payments from and payments to Canada shall be made in Canadian dollars.

Section 3. TERMS OF LOANS AND GRANTS. (a) Each loan and grant shall be made on the same terms and conditions as the development credit granted by the Association out of its own resources for the same project but shall be provided for in a separate agreement with the recipient country; provided, however, that in the case of a grant, the borrower shall not be obliged to repay the grant nor to pay the service charge required under paragraph (b) of this section.

(b) Consistent with its normal procedures, the Association is authorized to require, in the case of loans, each borrower to pay to the Association a service charge of three quarters of one percent per annum payable in such currency as may be determined by the Association, on amounts of the loan withdrawn and outstanding to compensate it for services rendered on loans made under this Agreement.

(c) The Government may instruct the Association to convert a loan into a grant, on such terms as the Government and the Association shall agree.

Section 4. RESPONSIBILITY FOR SELECTION OF PROJECTS. (a) The Association shall have the primary responsibility for selecting, processing and approving projects and, subject to this Agreement, for establishing terms and conditions thereof, using its normal policies, procedures and staff and exercising the same care as in the administration of its own resources, provided, however, that the Association shall (i) consult CIDA at an early stage in the selection of each project and on whether the financing will be provided by way of loan or on a grant basis and (ii) obtain the consent of CIDA before entering into any loan or grant agreement.

(b) The Association shall furnish to CIDA such information and documentation as CIDA shall reasonably request.

(c) The Government and the Association shall, from time to time, exchange views through their representatives with regard to their respective operations in countries which are members of the Association and to the sectors and projects suitable for financing out of the resources made available under this Agreement; in appropriate circumstances and at the request of the Government, representatives of CIDA shall participate with representatives of the Association in the appraisal or supervision of projects to be financed out of such resources.

Section 5. DISBURSEMENT UNDER LOANS AND GRANTS. (a) Withdrawal of funds provided under the loan and grant agreements shall be effected through the Association, in accordance with its normal disbursement procedures. It is understood that the Canadian funds shall be freely exchangeable by the Association with other currencies as required for the said withdrawal.

(b) Disbursement of the Canadian funds and of the Association's own resources shall be on a *pari passu* basis unless otherwise agreed.

Section 6. RECORDS OF ASSOCIATION. The Association shall maintain separate records and accounts of funds provided under this Agreement, received and disbursed by it, and make such of these records and accounts available to CIDA as the latter may reasonably request, and in any event, furnish to the Government through CIDA (i) a quarterly statement of receipts, disbursements and cash balances under this Agreement for the preceding calendar quarter, and (ii) within three months after the end (March 31) of each fiscal year of the Government, a detailed statement of account, including the status of each loan and grant made hereunder with funds provided under this Agreement, together with an opinion of the Association's own external auditors on such a statement of account.

Section 7. PROJECT SUPERVISION. The Association, on behalf of the Government, shall have the sole responsibility for project supervision and control including the exercise of any right or remedy under the loan or grant agreement. The Association, however, shall keep CIDA informed with respect to the implementation of each project financed with funds made available under this Agreement.

Section 8. STANDARD OF CARE. The Association shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

Section 9. PAYMENTS OF RECEIPTS TO THE GOVERNMENT. (a) All principal repayments of loans out of Canadian Government funds shall be paid to the Association which shall pay the funds so received to the Government or its order within 15 days after receipt by the Association.

(b) Any service charges on the said loans shall be paid to and retained by the Association to defray its administrative expenses.

Section 10. TRANSFERABILITY OF OBLIGATIONS. Agreements entered into by the Association on behalf of the Government shall contain provisions permitting the transfer of rights and obligations arising thereunder from the Association to the Government.

Section 11. CONSULTATION. CIDA and the Association shall consult with each other from time to time on all matters arising out of this Agreement.

Section 12. EXTENSION AND TERMINATION. (a) The Government may, by notice to the Association, increase the amount of funds specified in Section 2 (a) of this Agreement.

(b) If it appears to either Party that the cooperation envisaged by this Agreement can no longer appropriately or effectively be carried out, the Agreement may be terminated at the initiative of such Party on one hundred and eighty (180) days' notice in writing.

(c) Upon termination of the Agreement, unless the Parties agree on another course of action, any agreement or contract or portion thereof, entered into by the Association on behalf of the Government, shall be transferred to the latter and any funds or other property held hereunder by the Association shall be returned to the Government, and the Association's administration on its behalf shall be considered terminated.

(d) Promptly after termination of the Agreement, the Association shall furnish to the Government a final report and a financial statement on the funds supplied by the Government under this Agreement, together with an opinion of the Association's own external auditors on such statement.

Section 13. (a) The following addresses are specified for the purposes of this Agreement:

For the Government of Canada:

Canadian International Development Agency
122 Bank Street
Jackson Building
Ottawa K1A 0G4
Canada

Telex No. 0534140

For the Association:

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

Telex No. 89650

(b) Either Party shall notify the other in writing of any change of address.

Section 14. This Agreement shall enter into force upon signature by the Parties.”

2. This amending Agreement shall come into force upon signature by the Parties with retroactive effect to April 22, 1977.

DONE at Washington, D.C. on March 8, 1978, in the English and French languages, both texts being equally authentic, in two copies, one for each Party.

Government of Canada:
Gouvernement du Canada :

By EARL G. DRAKE
Par
