

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 loan 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.