

shall consist of goods and services, in accordance with specific programmes agreed upon from time to time as necessary between the two Governments. Similarly, an understanding will be reached on the methods of procurement and transfer.

2. All goods and services provided under the Programme will be on a grant basis. The particular terms or provisions under which aid is provided to each specific programme or project will be a matter for agreement between the two Governments. In any specific undertaking under which goods provided by the Canadian Government are sold or otherwise distributed to the West Indian public, appropriate arrangements may be established for the setting up of "counterpart funds".

When counterpart funds are to be set up, the Government of The West Indies will establish a special account for any such funds, and will keep separate records of the amounts placed in the account in connection with each specific programme or project. It will put into this account the equivalent of the Canadian expenditure on goods and services supplied under any such programme or project, which are sold or distributed. The Government of The West Indies will report periodically to the Government of Canada on the position of this account, and will supply a certified statement of the account from the Director of Audit of The West Indies. The two Governments will from time to time agree on the economic development projects in The West Indies to be financed from these counterpart funds.

3. Goods and services supplied by the Government of Canada to the Government of The West Indies will be designed to strengthen and support the Federation. To that end priority will be given to projects which make the most effective contribution to the Federation as a whole.

4. The Government of Canada will endeavour to supply such goods and services as are normally available in Canada, and as would not otherwise be available to The West Indies either locally or from other sources abroad, whether of a public or a private character. However, if The West Indies assigns a high priority to a project and will affirm that the goods and services for that project cannot be provided in any other way, consideration will be given to the financing of local costs and to the provision of goods and services not available in Canada which are essential to projects under the Canadian aid programme or associated with it.

5. Due consideration will be given to forms of aid which make more effective projects or programmes already assisted by Canada or to which Canadian aid has already been promised.

6. Priority will be given, insofar as practicable, to projects and programmes which can be expected to benefit the Federation within a reasonably short period.

7. All technical and administrative personnel financed by the Government of Canada to perform work for the Canada-West Indies Aid Programme except citizens or permanent residents of The West Indies shall be exempted in The West Indies from taxes on income and on the ownership or use of personal property (including automobiles) intended for their own use. Such personnel may at any time during official residence in The West Indies import and export free of customs duties, import and export taxes their household goods, baggage and personal effects (including an automobile for each such individual).