

- (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;
- (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of one percent per annum payable in such currency as may be determined by the Association, on amounts of the loan withdrawn and outstanding to compensate it for services rendered on loans made under this Agreement.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.