

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of one percent per annum payable in such currency as may be determined by the Association, on amounts of the loan withdrawn and outstanding to compensate it for services rendered on loans made under this Agreement.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