

ARTICLE II

Contribution to the Special Development Fund

SECTION 2.01. The Contributor agrees, subject to the appropriation of funds by the Parliament of Canada, to contribute free of interest to the Special Development Fund the Canadian dollars equivalent as of the date of this Agreement of five million United States dollars (U.S. \$5,000,000).

SECTION 2.02(a). Subject to the provisions of the Section 2.01 of this Agreement, the Contributor shall make the Contribution available by equal instalments in each of the five Canadian fiscal years beginning April 1970 such that the cumulative amounts of such instalments shall not exceed the limits set forth below:

Prior to 1 April 1971, the Canadian dollar equivalent of US \$1,000,000;

Prior to 1 April 1972, the Canadian dollar equivalent of US \$2,000,000;

Prior to 1 April 1973, the Canadian dollar equivalent of US \$3,000,000;

Prior to 1 April 1974, the Canadian dollar equivalent of US \$4,000,000;

and, thereafter, the Canadian dollar equivalent of US \$5,000,000.

Except in the case of the first instalment which shall be paid in cash, subsequent instalments shall be paid in the form of non-negotiable, non-interest bearing demand notes deposited to the credit of the Bank with the Bank of Canada in a separate account for the Special Development Fund. Disbursements from the account shall be made upon the request of the Bank, subject to the conditions of Section 2.03 of this Agreement.

SECTION 2.02(b). The Bank may commit each instalment of the Contribution during the Canadian fiscal year before it becomes available for disbursement pursuant to Section 2.02(a) of this Agreement.

SECTION 2.03(a). Subject to the appropriation of funds by Parliament and within the limits set out in Section 2.02 of this Agreement, the Contributor shall permit payment to the Bank of such amounts as the Bank shall estimate to be required to meet the cost of goods eligible for financing from the Contribution. Such estimate shall be submitted by the Bank quarterly in each year, and shall be in accordance with such procedures as shall be agreed between the Bank and the Contributor.

SECTION 2.03(b). For purposes of this Section, "goods" shall mean equipment, services and supplies with a Canadian, or other content as defined from time to time by the Contributor.

SECTION 2.03(c). For purposes of procurement of such goods, competitive bidding shall be held among Canadian and other eligible suppliers, in accordance with procedures agreed to between the Contributor and the Bank, except where it is agreed that such bidding would not be appropriate because of the smallness of the amount involved, uniqueness of the goods, or other such special reasons.

SECTION 2.04. The Bank may carry out Special Development Fund operations financed from the Contributed Resources and Accrued Resources derived therefrom by any standard methods set out in the Regulations;