

shall have a 10-year grace period on repayment of principal, followed by 10 years of amortization at the rate of 1 per cent per annum, and 30 years at 3 per cent per annum. On loans with shorter maturities, the periods shall be reduced and the annual rates of amortization shall be adjusted accordingly.

(b) Loans may be free of interest or be provided at such concessional rates of interest as are agreed between the External Aid Office and the Bank, in particular cases to be appropriate for the development purposes specified in this Agreement.

(c) Consistent with its normal procedures, the Bank is authorized to require each borrower to pay to the Bank a commission of up to one-half of 1 per cent per annum payable in such currency as may be determined by the Bank, on amounts committed or outstanding to compensate it for services rendered on loans made under this Agreement.

(d) In addition to the commission referred to in the preceding paragraph, loans shall bear a service charge of not more than three-quarters of 1 per cent per annum on amounts committed or outstanding.

(e) Amortization, interest and service charge shall be payable in Canadian dollars.

Section 4. Expenditures of Funds in Canada

Except where the External Aid Office shall specifically agree otherwise with the Bank, in a particular case, funds made available under this Agreement shall be used exclusively for the purchase of goods or services in Canada with a high Canadian content, as defined from time to time by the Government of Canada, or the contracting of technical assistance services in Canada.

Section 5. Selection of Suppliers

For purchases for projects or programs, competitive bidding shall be held among Canadian suppliers, in accordance with established procedures in effect in Canada, except where it is agreed between the External Aid Office and the Bank that such bidding would not be appropriate because of the smallness of the amount involved, uniqueness of the article, or other special reasons. The concurrence of the External Aid Office shall be obtained with respect to procurement of professional services.

Section 6. Responsibility for Selection of Projects

The Bank 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 Bank shall consult the External Aid Office at an early stage in the selection of projects and shall obtain the consent of that Office before signing the selection of projects, and shall obtain the consent of that Office before signing any loan agreement. The Bank shall furnish to the External Aid Office such information and documentation as that Office shall reasonably request.

Section 7. Loan Contracts

Loan contracts shall be signed by the Bank on behalf of the Government of Canada. In loan projects or programs where the Bank is also extending a loan from its own resources, separate contracts shall be signed by the borrower and Bank with respect to the commitment of the Bank's resources and Canadian funds.