

- (b) CIDA shall send a confirmation of purchase order to each Canadian supplier for each transaction conducted by Honduras or its designated agent, provided that the transaction has received prior approval from CIDA;
- (c) each confirmation of a purchase order sent by CIDA to a Canadian supplier shall specify that c.i.f. payment is to be made directly by CIDA upon receipt of copies in triplicate of the invoices from the suppliers, copies of non-negotiable shipping documents and any other documents, which may be considered necessary to ensure that the goods and services supplied meet specifications and other conditions set down in the purchase order issued by Honduras or its designated agent.

#### IV. *Freight and insurance*

- (a) Honduras or its designated agent agrees to specify when calling for tenders or in price confirmations, that prices shall be indicated c.i.f. Honduran port(s) of entry and that Canadian suppliers shall be responsible for paying for freight and insurance prior to shipping;
- (b) Honduras or its designated agent shall be responsible for preparing and submitting claims to the carrier, the insurance company or the Canadian suppliers for incomplete deliveries, and for any losses or damages;
- (c) Honduras shall ensure:
  - (i) that all ships carrying goods procured under the terms of this loan are allowed to berth without delay, and are unloaded as quickly as possible, within the normal number of lay-days for the type of freight in question;
  - (ii) that all goods obtained under this loan are given priority of clearance through customs and are sent on to their destination as quickly as possible; and
  - (iii) when compensations or other payments are made as a result of claims for loss or damage under an insurance policy, that CIDA is notified immediately of such payments or compensations and that such proceeds are used to replace the goods or a portion thereof with merchandise of a similar nature from a Canadian source. In the event Honduras defaults in such replacement, an amount corresponding to the compensation or other payments shall be used by Honduras to prepay the loan, as provided for in section 1.05 of Article I of this Loan Agreement.