

ARTICLE IV

Eligible Uses

The funds provided by Canada under this Agreement may be used to finance any or all of the steps from inception of a project proposal to its presentation as a loan application ready for negotiation with a prospective lender, including basic studies, preliminary feasibility, feasibility and final engineering design.

ARTICLE V

Use of Funds

- (a) The funds made available under this Agreement shall be used for the purchase of services from Canada or for the acquisition of services of local origin in the country where the assistance is received. However, if such transaction would be advantageous to the borrower, the Bank may authorize the use of the funds for the acquisition of services produced in other developing countries which are members of the Bank, and, with the concurrence of the Canadian International Development Agency, in other member countries.
- (b) The procedures for the procurement of services shall be those set forth in Annex "A" which forms an integral part of this Agreement.

ARTICLE VI

Preference for Lesser Developed Members of the Bank

The funds provided by Canada under this Agreement will be so administered as to give preferential access to the program to the lesser developed member countries of the Bank.

ARTICLE VII

Terms of Financing

The funds provided by Canada under this Agreement will be made available on a non-reimbursable basis only in the lesser developed member countries of the Bank or those with insufficient markets. The funds made available on a contingent recoverable or recoverable basis may be utilized in any member country which is eligible to receive financing from the Bank and may be made repayable in whole or in part, as to both principal and interest, in the currency disbursed. The funds that are recovered from loans generated by projects prepared under this program will be reincorporated for use in this program in accordance with the criteria set forth in this Agreement. Amortization and interest recoveries derived from loans made under this Agreement will similarly be reincorporated for use in this program.

ARTICLE VIII

Selection of Operations and Standard of Care

- (a) The Bank shall have the responsibility for selecting, processing and approving operations and, subject to this Agreement, for establishing the terms and conditions of operations. Operations to be financed with funds made available under this Agreement shall be approved