

No. 52441*

**Canada
and
Inter-American Development Bank**

Agreement between the Government of Canada and the Inter-American Development Bank to provide for the administration by the Bank of funds made available to the Bank by the Government of Canada. New York, 4 December 1964

Entry into force: *4 December 1964 by signature*

Authentic text: *English*

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Note: *See also annex A, No. 52441.*

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**Canada
et
Banque interaméricaine de développement**

Accord entre le Gouvernement du Canada et la Banque interaméricaine de développement prévoyant la gestion par la banque de fonds mis à sa disposition par le Gouvernement du Canada. New York, 4 décembre 1964

Entrée en vigueur : *4 décembre 1964 par signature*

Texte authentique : *anglais*

Enregistrement auprès du Secrétariat de l'Organisation des Nations Unies : *Canada, 14 janvier 2015*

Note : *Voir aussi annexe A, No. 52441.*

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[ENGLISH TEXT - TEXTE ANGLAIS]

AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE INTER-AMERICAN
DEVELOPMENT BANK TO PROVIDE FOR THE ADMINISTRATION BY THE BANK OF
FUNDS MADE AVAILABLE TO THE BANK BY THE GOVERNMENT OF CANADA

Agreement dated December 4 , 1964 between the Government of Canada and the Inter-American Development Bank (hereinafter referred to as the "Bank") to provide for the administration by the Bank of certain funds to be made available by the Government of Canada for economic, technical, and educational assistance to Latin American countries which are members of the Bank.

PREAMBLE

WHEREAS the Government of Canada has indicated its desire to make a further contribution to Latin American economic, technical, and educational development through the extension of special development loans for this purpose;

WHEREAS the purpose of the Inter-American Development Bank is to contribute to the development of its Latin American member countries;

WHEREAS in the view of all its members the Inter-American Development Bank is an appropriate multilateral institution through which such Canadian assistance could be made available;

WHEREAS the Bank, in compliance with general policy directives from its Board of Governors, has determined that close cooperation with the Canadian Government for administration of Canadian external assistance to the Latin American member countries would strengthen the efforts of the Bank to foster greater economic and social growth of such countries;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Basic Authorization of Bank

On behalf of the Government of Canada and subject to the provisions of this Agreement, the Bank is authorized, as administrator, to make loans in Latin American countries, members of the Bank, to assist in financing specific projects or programs which have a high priority for accelerating economic, technical, and educational development in such member countries.

Section 2. Amounts Available

(a) For the purposes of this Agreement, the Government of Canada shall make available up to \$10,000,000 in Canadian funds to finance in Latin American member countries such projects or programs as may be agreed.

(b) (i) The Bank shall establish in its name a special current account for the purposes of this Agreement, in a bank of its choice;

(ii) The Bank shall advise the External Aid Office of the Government of Canada, by letter or telegram, on or about the last day of each month, of the cash requirements it estimates will be needed to meet loan disbursements in the next ensuing month; and

(iii) The External Aid Office shall, as quickly as possible, secure the issue of a cheque (advance payment) to the Bank for deposit to the above-mentioned special current account.

Section 3. Terms of Loans

(a) Loans shall have maturities of up to 50 years, depending on the circumstances of the particular project. Loans with a maturity of 50 years 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 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 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.

Section 8. Disbursements under Loans

Disbursement of funds provided under this Agreement shall be effected through the Bank, in accordance with its normal disbursement procedures, with such special requirements, if any, as may be necessary to assure compliance with the requirements of Sections 4 and 5. With respect to each disbursement, the Bank shall submit to the External Aid Office such documents or other statements as may be agreed to from time to time with that Office.

Section 9. Records of Bank

The Bank 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 the External Aid Office as the latter may reasonably request, and in any event, furnish to the Government of Canada through the External Aid Office within 60 days after the end of the Canadian fiscal year a detailed statement of account, including the status of each loan made hereunder with funds provided under this Agreement.

Section 10. Project Supervision

The Bank, on behalf of the Government of Canada, shall have the sole responsibility for project supervision and control but shall keep the External Aid Office informed with respect to the implementation of each project or program financed with funds made available under this Agreement.

Section 11. Standard of Care

The Bank shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

Section 12. Transferability of Obligations

Contracts entered into by the Bank on behalf of the Government of Canada shall contain provisions permitting the transfer of obligations arising thereunder from the Bank to the Government of Canada.

Section 13. Payments of Receipts to the Government of Canada

All monies received in repayment of loans out of Canadian Government funds, or by way of interest or charges thereon, shall be paid to the Bank, which, except as specified in Section 3(c) above, shall transfer such funds to the Government of Canada (through the External Aid Office) within fifteen (15) days after their receipt by the Bank.

Section 14. Bank not Obligated

Loans made by the Bank under this Agreement shall not constitute part of the Bank's own resources or involve any guarantee or other similar financial obligation of the Bank.

Section 15. Consultation

(a) The External Aid Office and the Bank shall consult with each other from time to time on all matters arising out of this Agreement.

(b) Such consultation may be effected through the Canadian Ambassador in Washington, D.C., who shall be authorized to give approval of loans as specified in Section 6 above.

Section 16. Amendment and Termination

(a) This Agreement may be extended to cover any additional funds which the Government of Canada may from time to time make available for the purposes of the Agreement.

(b) Either party may at any time propose revisions to this Agreement, particularly if it is extended to cover additional funds.

(c) If it appears to either party that the co-operation envisaged by this Agreement can no longer appropriately or effectively be carried out, the Agreement may be terminated at the initiative of such party on thirty (30) days notice in writing.

(d) Upon termination of the Agreement, unless the parties agree on another course of action, any contracts entered into by the Bank on behalf of the Government of Canada shall be transferred to the latter and any funds or other property held hereunder by the Bank shall be returned to the Government of Canada, and the Bank's administration on its behalf shall be considered terminated.

(e) In any discussion of termination, due consideration shall be given to the disposition of loans in process.