No. 31544

CANADA, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION

Agreement concerning the cofinancing of development projects. Signed at Washington on 15 December 1988

Authentic texts: English and French.

Registered by Canada on 27 January 1995.

CANADA, BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT

Accord relatif au cofinancement de projets de développement. Signé à Washington le 15 décembre 1988

Textes authentiques : anglais et français.

Enregistré par le Canada le 27 janvier 1995.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF CANADA (HEREINAFTER CALLED THE GOVERNMENT), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (HEREINAFTER CALLED IBRD) AND INTERNATIONAL DEVELOPMENT ASSOCIATION (HEREINAFTER CALLED THE ASSOCIATION)

WHEREAS the Government and the Association have cooperated in the cofinancing of development projects and programs of common interest in accordance with the terms of an Agreement dated April 22, 1977,[2] as amended by an agreement dated March 8, 1978[2] (hereinafter called the 1977 Agreement), between the Governement and the Association;

WHEREAS the Government, IBRD and the Association intend to continue their cooperation in the cofinancing of development projects and programs in member countries of IBRD and the Association on the terms and conditions set forth in this Agreement;

WHEREAS the Governement and the Association desire to replace the 1977 Agreement by this Agreement;

WHEREAS the Governement wishes to make available development assistance funds for the cofinancing of projects and programs which IBRD or the Association assists in financing in countries and in sectors which the Government considers of high priority in its development assistance programs or in which it otherwise has an interest;

WHEREAS IBRD and the Association are prepared to cooperate with the Government and its designated agencies in fostering such cofinancing;

NOW THEREFORE the parties hereto have agreed as follows:

ARTICLE I

Definitions

1. The term "Bank" refers to IBRD or the Association or both, as the context may require, and the term "loan" shall be deemed to refer to an IBRD loan or to an Association credit or both, as the context may require.

2. The term "CIDA" refers to the Canadian International Development Agency.

[1] Came into force on 15 December 1988 by signature, in accordance with article VII (1).
[2] United Nations, *Treaty Series*, vol. 1105, p. 331.

3. The term "parallel financing" refers to the financing by the Government and the Bank of different goods and services or parts of a given project or program.

4. The term "joint financing" refers to the shared financing by the Government and the Bank of all or certain items in agreed proportions of a given project or program.

ARTICLE II

Methods and Application of Cofinancing

1. The financing to be made available by the Government through CIDA, pursuant to this Agreement, may be made available on a tied or untied basis. Unless otherwise agreed, tied funds will be provided for projects and programs on a parallel financing basis. Untied funds may be provided for projects and programs on a joint financing or parallel financing basis.

2. Whenever the Government wishes to finance a project or program for which a Bank loan has already been arranged, the Bank shall request the other parties to its loan documentation to agree to amendments, if any, required in that documentation to reflect the cofinancing.

ARTICLE III

Project and Program Selection

1. Each development project and program to be financed by the Government pursuant hereto shall be selected by the Government, in consultation with the Bank and the intended recipient, from a list of projects and programs prepared and periodically updated by the Bank and transmitted to the Government for such purpose.

2. The Government may bring to the attention of the Bank other projects and programs which it considers may be of interest to the Bank and provide suggestions concerning the possible extent of participation of both parties in such projects and programs.

3. Consultative meetings shall be held by the Bank and CIDA at least once a year for the purpose of reviewing the project and program list referred to in paragraph 1 of this Article III. Following such review, the Government shall inform the Bank of the projects and programs it is interested in cofinancing, the amounts of funds which the Government intends to make available for the financing of such projects and programs and whether such funds are to be provided on a joint financing or parallel financing basis. The goods and services to be financed out of such funds shall be determined by mutual agreement between the Government, the Bank and the intended recipient.

ARTICLE IV

Administration of Funds

A. *Projects and programs cofinanced on a parallel financing basis*

1. Unless otherwise agreed, funds to be provided on a parallel financing basis shall be tied and shall be made available directly from the Government to the intended recipient, pursuant to an agreement to be entered in between such parties.

2. The Government shall afford the Bank, in respect of each project and program to be financed in part out of funds provided by the Government on a tied basis, a reasonable opportunity to satisfy itself that:

(a) the procurement procedures to be used will fulfill the obligations of the intended recipient to cause the project or program, as the case may be, to be carried out diligently and efficiently, and that the items to be procured:

(i) are of satisfactory quality and are compatible with said project or program;

(ii) will be delivered or completed in a timely fashion; and

(iii) are reasonably priced and will not adversely affect the financial and economic viability of said project or program; and

(b) in the case of consultant services, the scope of work to be undertaken and the terms of reference of the services to be provided from Canada are appropriate to the assignment.

B. *Projects and programs cofinanced on a joint financing basis.*

1. Unless otherwise agreed, funds to be provided on a joint financing basis shall be untied and shall be made available to the Bank in its capacity of Administrator, who will make available such funds to the intended recipient pursuant to a development grant agreement between the Bank (on behalf of the Government) and such recipient. For each project and program to be so cofinanced, CIDA and the Bank shall enter into an arrangement confirming

(i) the appointment of the Bank as Administrator; and

(ii) that the arrangements set forth in paragraph 2 below will apply in respect of the funds to be made available, and describing any other conditions applicable to such project or program.

2. For those projects and programs where it is agreed that the Bank will act as Administrator, the following shall apply:

(a) The Bank shall be solely responsible for such administration and shall carry out such administration, including supervision of the procurement of goods and services, in accordance with procedures consistent with the Bank's guidelines for procurement and with the same degree of care as it uses in the administration of its own loans.