

No. 4399

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**UNITED STATES OF AMERICA, NEPAL and INDIA**

**Regional Agreement concerning the development of transportation facilities. Signed at Kathmandu, on 2 January 1958, and at New Delhi, on 6 January 1958**

*Official text: English.*

*Registered by the United States of America on 8 July 1958.*

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**ÉTATS-UNIS D'AMÉRIQUE, NÉPAL et INDE**

**Accord régional concernant le développement des moyens de transport. Signé à Kathmandou, le 2 janvier 1958, et à New-Delhi, le 6 janvier 1958**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 8 juillet 1958.*

No. 4399. REGIONAL AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENTS OF NEPAL, INDIA AND THE UNITED STATES OF AMERICA CONCERNING THE DEVELOPMENT OF TRANSPORTATION FACILITIES. SIGNED AT KATHMANDU, ON 2 JANUARY 1958, AND AT NEW DELHI, ON 6 JANUARY 1958

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The Governments of Nepal, India and the United States of America, now engaged in the interchange of technical knowledge and skills and programs of self-help and mutual cooperation designed to develop the economic and social well-being, to safeguard basic rights and liberties and to protect the security and independence of free and independent peoples under circumstances which will enable them to maintain an equal station among the nations of the world and to fulfill their responsibilities,

Desiring to continue such cooperation and recognizing the desirability of programs which will contribute to promoting greater economic strength in the area of Asia as a whole or among a group or groups of countries of the area to the extent that such countries make effective use of all resources available to them,

Considering the development of adequate transportation facilities to and in Nepal to be of major importance in furthering these objectives,

Have consulted and agreed :

*Article I*

The development of transportation facilities pursuant to this agreement will be carried out in the area of Nepal in such manner and order of priority as may be agreed in order to stimulate the flow of trade to and from and within Nepal and afford means of communication essential to its greater political and administrative integration.

A. The Government of Nepal will :

1. Take such measures as may be necessary to assure the efficient use of all the resources available to it to promote the economic development of Nepal on a sound basis and as may be necessary to assure that Nepal will make the full contribution, permitted by its man-power, resources, facilities and general economic condition, to the work undertaken pursuant to this Agreement.

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<sup>1</sup> Came into force on 6 January 1958, upon signature, in accordance with article V.

2. Take appropriate steps, including to the maximum extent possible full coordination and integration of all programs of economic development related to any work carried out under this Agreement, in order to assure the effective utilization of the assistance furnished.

3. Assure that the commodities and services obtained pursuant to this Agreement are used exclusively for the purposes agreed.

4. Establish a Regional Transportation Board (hereinafter called the "Board"), responsible to the Government of Nepal, to which the Government of Nepal will delegate all necessary authority to carry out the obligations of that Government in connection with any work undertaken pursuant to this Agreement.

5. Establish such fiscal and administrative procedures and regulations as will enable the Board to carry out its responsibilities.

B. The responsibilities of the United States and India, in connection with implementing any program or work undertaken pursuant to this Agreement, will be carried out by the Agency designated by the Government of the United States and by the Indian Aid Mission of the Government of India for Nepal under the supervision and direction of their respective heads, to be known for the purposes of this Agreement as the "United States Representative" and the "Director/IAM".

C. The Board, the United States Representative and the Director/IAM will agree from time to time upon such arrangements, procedures and conditions of operation, consistent with and subject to the general conditions and understandings set forth herein, as may be needful to carry out the purposes of this Agreement and formally to commit the funds and resources of each Government to be made available for such purposes; it being understood that the exercise of such authority shall be in conformity with the instructions and directives of the respective Governments. It is further understood that administrative and operational responsibility will be discharged by a technical committee, to be known as the "Office of Chief Engineers", composed of one Chief Engineer from each of the participating Governments.

## *Article II*

In order to further the objectives of this Agreement, the Governments of the United States and India will—subject to the requirements and conditions of any applicable legislation and to the availability of funds—furnish, upon request by the Government of Nepal, financial and other assistance of such nature and in such amounts as the United States and India may respectively deem advisable and as may be needed and effectively used to carry out these purposes.

A. Any such assistance will be furnished only to carry out specific purposes at a cost not to exceed the amounts agreed between the Board, the United States Representative and the Director/IAM;

B. Expenditures to carry out such purposes will be made in accordance with such plans and fiscal and administrative procedures as may be agreed by the Board, the United States Representative and the Director/IAM, it being further understood :

1. that the assistance of the United States and India will be furnished on a grant basis.
2. procedures will be established to assure :
  - a. convertibility in the first instance into Nepalese currency of any funds introduced for the purpose of carrying out the obligations of the United States and India, pursuant to this Agreement, including deposits as may be agreed by the Board, the United States Representative, and the Director/IAM, to the account of the Office of Chief Engineers, at the rate of exchange prevailing at the Nepal State Bank at the time of contribution; that the foreign exchange thus made available will be utilized by the Government of Nepal only for developmental imports pursuant to the Five Year Plan, and in respect of any schedule of commodities for import or class of importer, at the highest rate of exchange not unlawful, at the time of utilization, for the sale by any agency authorized by the Government of Nepal of the foreign currency in which the contributions were made; and that any accruals to the Government of Nepal, resulting from the utilization of the foreign exchange thus made available at a rate higher than that at which such contributions were converted in the first instance, will be deposited by the Government of Nepal, within ninety days of the time of any such accruals, to the account of the Office of Chief Engineers;
  - b. utilization of all assistance for the direct benefit of the people and development of Nepal, it being understood that the Government of Nepal will not require payment or reimbursement by any District or local governmental unit of the cost of any assistance furnished by the United States and India (except as may be agreed by the Board, the United States Representative and the Director/IAM in the event that any such payments will be utilized to carry out the purposes of this Agreement), and that all commodities financed by the United States or India for use on these projects shall be afforded expeditious transit through India and shall enter into Nepal free of import licensing requirements and of payment of any customs duties or any other direct or indirect levy (excepting any charge for or in lieu of a public service) aimed at the fact of importation or movement, sale or use of goods in Nepal;

- c. procurement and utilization of any property or commodities financed by the United States or India in such manner that procurement will be carried out, as may be agreed by the Board, the United States Representative, and the Director/IAM, in consideration of competitive quality, conditions, prices and terms, and in such manner that the transaction will not result in use for purposes other than agreed or in the re-sale or transshipment of such property or commodities or in the increased availability for export from Nepal of like or similar items, except as may be agreed by the Board, the United States Representative and the Director/IAM;
- d. return to the contributing Government or refund of the cost of, any contribution, of whatever nature, in the event that agreement may not be reached as to its utilization, or which, because of failure of the Government to which it was contributed to use its best efforts to carry out the understandings of this Agreement, may not be effectively utilized to further the purposes for which it was made available;

3. that, in the event of legal action arising from activities undertaken pursuant to this Agreement, the Government of Nepal will assume full responsibility for the defense of such action in Nepal, and will take responsibility for assuring execution of projects undertaken pursuant to this Agreement, and will assure immunity, from garnishment or any other legal process, of title to all such contributions or property derived therefrom.

4. Unless otherwise specified in any Agreement by which funds are obligated for contribution to a project pursuant to this Agreement, title to all property, procured through financing by the Government of the United States or the Government of India out of such funds, shall be in the Government of Nepal or such public or private agency as it may authorize. This provision is inapplicable to any property which may be used in connection with a project but is not procured through financing from funds obligated for contribution to such project.

### *Article III*

The Government of Nepal will, upon appropriate notification, receive persons acceptable to it who may be designated by the Government of the United States and India for service in connection with the programs and work undertaken pursuant to this Agreement, and will permit the observation and review by such persons of all such programs, including utilization of any assistance, and cooperate in facilitating the discharge of these responsibilities. The Government of Nepal will further provide the United States and India with full and complete information relative to such programs, including the information necessary to evaluate the need for assistance, and statements as

requested on the use of assistance received. It is understood that such persons to be assigned for work on any projects, except those specifically provided for in any supplementary agreement, shall be furnished only on the request of the Office of Chief Engineers.

All such persons (who are nationals foreign to Nepal and not permanent residents of Nepal, either direct employees or contract employees of any agency or department of the Government of the United States or India, including persons temporarily assigned), who may be received in Nepal for service in connection with such programs, shall be accorded such facilities, privileges, immunities, and exemptions as may have been heretofore or shall hereinafter be agreed by the Government of Nepal and the Governments of the United States and India respectively, in separate agreements. In the case of the Government of the United States, the presently operative agreement is the Point IV General Agreement for Technical Cooperation between the Government of the United States and the Government of Nepal dated January 23, 1951.<sup>1</sup>

#### *Article IV*

It being understood that, in order to realize from this Agreement the greatest benefit and good to Nepal, India and the United States, full publicity should be given to the aims and objectives of this Agreement and to all measures undertaken by Nepal separately or in cooperation with India and the United States to further such purposes, the Government, parties to this Agreement, will :

- a. not less frequently than once each year, make a full report to their peoples, respectively, concerning these common aims and objectives and the measures undertaken and progress made to realize them;
- b. endeavor at all times to provide full information in order that the people may be assured that any assistance provided is utilized for their greatest benefit and in furtherance of the friendship, common interest, and good will of the three peoples.

#### *Article V*

A. This Agreement shall enter into force upon signature and shall remain in force until ninety days after notification in writing by any one of the Governments parties, hereto, to the other two of its intention to terminate it; provided, however, that all arrangements and agreements pursuant hereto, by which facilities, manpower, resources, or funds shall have been obligated or agreed to be made available by the Governments, shall remain in force pursuant to their own terms and that any provision herein for the refund of contributions

<sup>1</sup> United Nations, *Treaty Series*, Vol. 184, p. 65.

by any Government, or for the utilization of proceeds or accruals from contributions, shall remain in force until these purposes shall have been accomplished.

B. The three Governments will consult at any time, at the request of any of them, on any matter related to the application or amendment of this Agreement.

C. This Agreement is complementary to and does not supersede existing Agreements between the Governments, except insofar as they may be inconsistent herewith.

DONE at Kathmandu, Nepal, in triplicate in the English language, this second day of January, 1958.

For the Government  
of Nepal :

CHANDRA BAHADUR THAPA

For the Government  
of India :

BHAGWAN SAHAY

DONE at New Delhi, India, this 6th day of January, 1958.

For the Government of the United States :  
Ellsworth BUNKER

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