

No. 7190

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Chandpur Irrigation Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of East Pakistan). Signed at Washington, on 26 July 1963

Official text: English.

Registered by the International Development Association on 2 April 1964.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement—*Projet d'irrigation de la région de Chandpur* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la province du Pakistan oriental). Signé à Washington, le 26 juillet 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 2 avril 1964.

No. 7190. DEVELOPMENT CREDIT AGREEMENT¹ (*CHANDPUR IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 26 JULY 1963

AGREEMENT, dated July 26, 1963, between REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Province of East Pakistan have requested the Association to assist in the financing of Phase I of the Tippera-Chittagong Multipurpose Project for flood protection, drainage and irrigation near Chandpur in the Province of East Pakistan ;

WHEREAS the Province of East Pakistan will, with the Borrower's assistance, carry out or cause to be carried out Phase I of said Project and, as part of such assistance, the Borrower will make available to the Province of East Pakistan the proceeds of the development credit provided for herein ; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date² herewith between the Province of East Pakistan and the Association ;

NOW THEREFORE the parties hereto agree as follows :

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

- (a) Section 6.02 is amended by inserting the words "or the Project Agreement" after the words "the Development Credit Agreement".

¹ Came into force on 31 January 1964, upon notification by the Association to the Government of Pakistan.

² See p. 160 of this volume.

(b) Paragraph 5 of Section 9.01 is amended to read as follows :

“5. The term ‘Borrower’ means Republic of Pakistan, acting by its President.”

(c) For the purposes of this Agreement the term “goods” as defined in paragraph 10 of Section 9.01 shall include any property required for the Project.

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

- (a) The term “Province” means the Province of East Pakistan, a political subdivision of the Borrower.
- (b) The term “Project Agreement” means the agreement between the Province and the Association of even date herewith, providing for the carrying out of the Project, and shall include any amendments thereof made by agreement between the Province and the Association.
- (c) The term “E.P.W.A.P.D.A.” means East Pakistan Water and Power Development Authority, an authority established under the East Pakistan Water and Power Development Authority Ordinance, 1958, and shall include any successor to E.P.W.A.P.D.A.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to nine million dollars (\$9,000,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account :

- (a) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project ;
- (b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts

as shall have been expended for the reasonable cost of goods required for carrying out Parts A, B and C of the Project and not included in the foregoing ; and

- (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs.

Provided, however, that no withdrawals shall be made on account of expenditures prior to the date of this Agreement.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 1 and July 1 commencing January 1, 1974 and ending July 1, 2013, each installment to and including the installment payable on July 1, 1983 to be one-half of one percent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half percent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

¹ See p. 156 of this volume.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out, operated and maintained with due diligence and efficiency and in conformity with sound engineering, agricultural and financial standards and practices.

(b) The Borrower shall take all action which shall be necessary on its part to enable the Province to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by the Province.

Section 4.02. (a) The Borrower shall relend the proceeds of the Credit or the equivalent thereof to the Province on terms and conditions satisfactory to the Association.

(b) The Borrower shall at all times make or cause to be made available to the Province, promptly as needed, all sums and other resources which shall be required for the carrying out of the Project.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.04. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.05. This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified or referred to in paragraph (b) or paragraph (j) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 5.02 (j) of the Regulations, the following additional event is specified :

The Province shall have failed to perform any covenant or agreement of the Province under the Project Agreement.

Article VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations :

- (a) the execution and delivery of the Project Agreement on behalf of the Province have been duly authorized or ratified by all necessary governmental action ;
- (b) arrangements pursuant to Section 2.05 of the Project Agreement shall have been made ; and
- (c) all necessary acts, consents and approvals to authorize the construction and operation of Parts A, B and C of the Project by E.P.W.A.P.D.A. (or such other organization or agency as the Association may approve) with all necessary powers and rights in connection therewith shall have been performed or given.

Section 6.02. The following are specified as additional matters within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

- (a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Province and constitutes a valid and binding obligation of the Province in accordance with its terms ; and

(b) that E.P.W.A.P.D.A. (or such other organization or agency as the Association may approve) has full power and authority to construct and operate Parts A, B and C of the Project and has all necessary rights and powers in connection therewith and that all acts, consents and approvals necessary therefor have been duly and validly performed or given.

Section 6.03. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1967, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 7.02. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

The Secretary to the Government of Pakistan
Economic Affairs Division
Rawalpindi, Pakistan

Alternative address for cablegrams and radiograms :

Economic
Rawalpindi

For the Association :

International Development Association
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D.C.

Section 7.03. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be

signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Pakistan :

By A. G. N. KAZI

Authorized Representative

International Development Association :

By G. M. WILSON

Vice President

SCHEDULE

DESCRIPTION OF THE PROJECT

The Project is a part of the Borrower's Second Five-Year Development Plan for East Pakistan. It would provide flood protection and drainage for a gross area of about 135,320 acres and, within this area, pump irrigation to about 109,000 acres of cultivated land. The Project includes :

A. *Protective Embankments*

Approximately 94 miles of protective embankments constructed of compacted earth materials around two separate polders to protect the lands from the flood waters of the Meghna and Dakatia Rivers.

B. *Pumping Plants and Sluices*

Two principal pumping plants, one for each polder, on the Dakatia River, close to its confluence with the Meghna. A third, smaller pumping plant would be built if necessary in the southern polder. At each pumping plant sluices would be provided for gravity drainage when the water levels in the rivers permit.

C. *Irrigation and Drainage Canals*

Main distributary irrigation canals would be constructed in each polder. In addition, there would be about 120 miles of sub-distributaries for delivering irrigation waters to the village channels to be provided by the farmers. A system of main and secondary drainage channels would be provided, primarily by the enlargement of existing khals (waterways). About 55 miles of such works would be required within the polders. In addition, outside of the polders there would be about 70 miles of improvement work on natural drains for protection of the area.

D. *Technical Assistance and Services*

The provision of (a) necessary technical assistance and extension services to farmers to facilitate effective use by them of the irrigation water which will be made available

by the Project and to guide them in the adoption of suitable farming and irrigation techniques, in the application of improved cultural practices, in the establishment of satisfactory cropping and rotation patterns and in the use of fertilizers and improved seeds, and (b) credit facilities for farmers.

It is expected that Parts A, B and C above will be completed and in operation by 1966.

It is expected that full and effective use of the irrigation water will be achieved not later than 1976.

LETTER RELATING TO DEVELOPMENT CREDIT AGREEMENT

EMBASSY OF PAKISTAN
WASHINGTON 8, D.C.

July 26, 1963

International Development Association
1818 H Street, N.W.
Washington 25, D.C.

Re : *Credit No. 40 PAK (Chandpur Irrigation Project)*
Currency of Payment

Gentlemen :

We refer to the Development Credit Agreement (*Chandpur Irrigation Project*) of even date¹ between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) (or other than one designated under this clause (ii)) we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.

¹ See p. 144 of this volume.

- (iv) Within thirty days from the date of such notice we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty day period, be payable in the currency so selected.
- (v) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.
- (vi) For purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Republic of Pakistan :

By A. G. N. KAZI
Authorized Representative

Confirmed:

International Development
Association :

By Escott REID

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]

PROJECT AGREEMENT

(*CHANDPUR IRRIGATION PROJECT*)

AGREEMENT, dated July 26, 1963, between PROVINCE OF EAST PAKISTAN, acting by its Governor (hereinafter called the Province) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date herewith¹ (hereinafter called the Development Credit Agreement) between Republic of Pakistan (hereinafter called the Borrower) and the Association, the Association has agreed to assist in the financing of Phase I of the Tippera-Chittagong Multipurpose Project for flood protection, drainage and irrigation near Chandpur in the Province and to make available to the Borrower a development credit in various currencies equivalent to nine million dollars (\$9,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Province agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth ; and

WHEREAS the Province, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the Regulations² (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF THE PROVINCE

Section 2.01. (a) The Province shall cause the Project to be carried out, operated and maintained with due diligence and efficiency and in conformity with sound engineering, agricultural and financial standards and practices.

(b) To assist in the carrying out of the Project and, if required, in the initial stage of its operation, the Province shall employ or cause to be employed competent and experienced consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 2.02. (a) The Province shall relend the proceeds of the Credit or the equivalent thereof to E.P.W.A.P.D.A. on terms and conditions to be determined by agreement between the Province and the Association.

(b) The Province shall make available promptly as needed all sums which shall be required for the carrying out and operation of the Project.

Section 2.03. (a) The Province shall take all such action as shall be required to assure that the land included in the Project and the water made available therefor are to the maximum extent possible fully, effectively and promptly utilized for agricultural purposes.

¹ See p. 144 of this volume.

² See p. 160 of this volume.

(b) The Province shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and agricultural practices and standards and shall cause all irrigation, electric power works and other facilities not included in the Project but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards.

Section 2.04. (a) The Province shall take all such action as shall be necessary to improve and expand agricultural services in the area of the Project.

(b) The Province shall not later than June 30, 1964 or such later date as may be agreed upon between the Province and the Association, make arrangements satisfactory to the Association for the carrying out of the part of the Project described in Part D of the Schedule to the Development Credit Agreement by an agency or agencies of the Province satisfactory to the Association.

Section 2.05. (a) The Province shall, from time to time, make arrangements or cause arrangements to be made providing for the recovery from the beneficiaries of the Project, on terms and conditions satisfactory to the Association, of as much as practicable of the moneys invested in the Project together with reasonable interest thereon.

(b) The Province shall, in addition, make arrangements or cause arrangements to be made for the setting and maintaining of water rates or other similar charges at levels which will provide revenues at least sufficient to cover all operating and maintenance costs of the Project.

Section 2.06. (a) Upon request from time to time by the Association, the Province shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(b) The Province shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), to show the results achieved by irrigation of the land included in the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition with respect to the Project of the agency or agencies of the Province responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, and the goods, and the operations and financial condition with respect to the Project of the agency or agencies of the Province responsible for the carrying out of the Project or any part thereof.

Section 2.07. (a) The Province and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request.

(b) The Province and the Association shall from time to time exchange views through representatives with regard to matters relating to the purposes of the Credit. The Province shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by the Province of its obligations under this Project Agreement or which shall increase or threaten to increase materially the estimated cost of the Project.

Section 2.08. (a) Except as shall be otherwise agreed by the Province and the Association : (i) the Province shall cause all goods purchased with the proceeds of the Credit to be used in the territories of the Borrower exclusively in the construction and subsequent operation of the Project, and (ii) the Province shall cause title to all such goods to be obtained free and clear of all encumbrances.

(b) Goods, the cost of which is financed out of the proceeds of the Credit, shall not be sold or otherwise disposed of without the prior consent of the Association.

Section 2.09. The Province shall satisfy the Association that adequate arrangements have been made to insure the goods financed out of the proceeds of the Credit against risks incident to their purchase and transportation to the site of the Project. Insurance covering marine and transit hazards on the goods financed out of the proceeds of the Credit shall be payable in dollars or in the currency in which the cost of goods insured thereunder shall be payable.

Section 2.10. The Province shall pay or cause to be paid all taxes, if any, imposed under the laws of the Borrower or laws in effect in the territories of the Borrower on or in connection with the execution, delivery or registration of this Agreement or the Credit Agreement or the payment of principal and service charges thereunder.

Article III

EFFECTIVE DATE ; TERMINATION

Section 3.01. This Agreement shall come into force and effect on the date when the Development Credit Agreement shall become effective as provided therein.

Section 3.02. This Agreement shall terminate and the obligations of the parties hereunder shall cease and determine on the date when the Development Credit Agreement shall terminate in accordance with its terms.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have

designated by notice to the party giving such notice or making such request. The addresses so specified are :

For the Province :

Chief Secretary
Government of East Pakistan
Dacca

Alternative address for cablegrams and radiograms :

East Pakistan
Dacca

For the Association :

International Development Association
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D.C.

Section 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of the Province may be taken or executed by the Chief Secretary to the Government of East Pakistan or such other person or persons as the Province shall designate in writing.

Section 4.03. The Province shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Province, take any action or execute any documents required or permitted to be taken or executed by the Province pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

Section 4.04. This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF the parties hereto have caused this Project Agreement to be signed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Province of East Pakistan :

By A. G. N. KAZI
Authorized Representative

International Development Association :

By G. M. WILSON
Vice President