

No. 7766

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
PAKISTAN**

**Development Credit Agreement—*West Pakistan Highway Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of West Pakistan). Signed at Washington, on 11 June 1964**

*Official text: English.*

*Registered by the International Development Association on 11 May 1965.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
PAKISTAN**

**Contrat de crédit de développement — *Projet relatif au réseau routier du Pakistan occidental* (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 occidental). Signé à Washington, le 11 juin 1964**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 11 mai 1965.*

No. 7766. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*WEST PAKISTAN HIGHWAY PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 11 JUNE 1964

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AGREEMENT, dated June 11, 1964, between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in the financing of a project in the Province of West Pakistan to construct a new highway between Karachi and Hyderabad; to build three bridges over the Jhelum, Ravi and Sutlej rivers; to provide advice and assistance in improving highway organization and operation; and to make studies relating to access to Karachi and Hyderabad;

WHEREAS the Province of West Pakistan will, with the Borrower's assistance, carry out or cause to be carried out the said Project and, as part of such assistance, the Borrower will make available to the Province of West 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 date herewith between the Province of West 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,<sup>2</sup> 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) :

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<sup>1</sup> Came into force on 10 August 1964, upon notification by the Association to the Government of Pakistan.

<sup>2</sup> See p. 328 of this volume.

(a) Section 3.01 is deleted and the following new section is substituted therefor :

“ SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“ (i) on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select ;

“ (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“ (c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. ”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

“ SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03. ”

(c) Section 3.04 is renumbered as Section 3.05.

(d) Section 6.02 is amended by inserting the words “ or the Project Agreement ” after the words “ the Development Credit Agreement. ”

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

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

*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 West 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,<sup>1</sup> providing for the carrying out of

<sup>1</sup> See p. 328 of this volume.

the Project and shall include any amendments thereof made by agreement between the Province and the Association.

- (c) The term "Department" means the Communications Wing of the Communications and Works Department of the Government of the Province or any successor agency or agencies.

## 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 seventeen million dollars (\$17,000,000).

*Section 2.02.* The Association shall open a Credit Account on its books 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 Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and of the Regulations, 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, except on account of Parts A (1) and B (1);
- (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 (1) and B (1) of the Schedule to this Agreement; 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 withdrawals shall not be made on account of expenditures prior to October 1, 1963; and

*provided*, further, that withdrawals shall not be made with respect to either Part A (1) or B (1) of the Schedule to this Agreement until general consultants, referred to in Part C of the Schedule, are employed in accordance with Section 2.01 (b) of the Project Agreement.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  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 of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

*Section 2.05.* Service charges shall be payable semi-annually on April 15 and October 15 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each April 15 and October 15 commencing October 15, 1974 and ending April 15, 2014, each instalment to and including the instalment payable on April 15, 1984 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ( $1\frac{1}{2}$ %) 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 Schedule 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.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial 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 re-lend 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 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 imposed under the laws of the Borrower or laws in effect in its territories 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, issue, 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 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 : namely, the Province shall have failed to perform any covenant or agreement under the Project Agreement.

### *Article VI*

#### EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations : namely, the execution and delivery of the Project Agreement on behalf of the Province have been duly authorized or ratified by all necessary governmental action.

*Section 6.02.* The following is specified as an additional matter 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 : namely, that the Project Agreement has been duly authorized and 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.

*Section 6.03.* A date 60 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 December 31, 1969, 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, D.C. 20433  
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.

Islamic Republic of Pakistan :

*By* A. G. N. KAZI  
Authorized Representative

International Development Association :

*By* George D. WOODS  
President



## SCHEDULE

## DESCRIPTION OF PROJECT

The purpose of the Project is to contribute to the improvement of highway transportation facilities and the strengthening of the highway organization in the Province of West Pakistan. The Project includes :

*A. Highway :*

- (1) construction of a new paved limited access highway between the outskirts of the cities of Karachi and Hyderabad. This highway which is to be about eighty-nine (89) miles long is to terminate (a) near Karachi at the intersection of Country Club Road and Jail Road and (b) at Hyderabad at the western abutment of the Ghulam Mohammed Barrage. Though the highway is to be designed as a four-lane divided highway, only two lanes are to be constructed as part of the Project; and
- (2) preparation of final engineering design and supervision of construction by consultants of the above highway;

*B. Bridges :*

- (1) construction of bridges, over the Jhelum, Ravi and Sutlej rivers, located on the outskirts of the cities of Jhelum, Lahore, and Bahawalpur respectively. The Sutlej Bridge will be situated on the Multan Bahawalpur road; the Jhelum and Ravi bridges will be located on the proposed route of the West Pakistan National Highway from Karachi to Peshawar; and
- (2) review of the final engineering designs and supervision of construction by consultants of the aforementioned bridges;

C. The services of general consultants for a three-year period to advise and assist the Department on matters of highway organization; and procurement of laboratory facilities for general use of the Department;

D. Feasibility studies by consultants of road access from the highway to be constructed under Part A (1) above to Karachi and its port and to Hyderabad.

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The Project is expected to be completed by June 30, 1969.

## LETTER RELATED TO THE DEVELOPMENT CREDIT AGREEMENT

ISLAMIC REPUBLIC OF PAKISTAN

June 11, 1964

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

Re : *Currency of Repayment*

Gentlemen :

We refer to the Development Credit Agreement (*West Pakistan Highway Project*) of even date<sup>1</sup> 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.
- (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 the 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.

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<sup>1</sup> See p. 310 of this volume.

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.

Sincerely yours,

Islamic 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

(*WEST PAKISTAN HIGHWAY PROJECT*)

AGREEMENT, dated June 11, 1964, between the PROVINCE OF WEST 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 herewith<sup>1</sup> (hereinafter called the Development Credit Agreement) between the Islamic Republic of Pakistan (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to seventeen million dollars (\$17,000,000), 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

<sup>1</sup>See p. 310 of this volume.

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.* Whenever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the Regulations (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 with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In carrying out the Project, the Province shall employ, or cause to be employed, qualified and experienced consultants satisfactory to the Association and upon terms and conditions satisfactory to the Association.

(c) Except as the Association shall otherwise agree, the Province shall cause all construction under the Project to be carried out by contractors satisfactory to the Association and employed under contracts satisfactory to the Association.

(d) The general design standards and the type of surfacing (including pavement) to be used for Parts A (1) and B (1) of the Schedule to the Development Credit Agreement shall be determined by agreement between the Province and the Association, subject to modification by further agreement between them.

(e) Upon request from time to time by the Association, the Province shall promptly furnish or cause to be furnished to the Association the work schedules for the Project and the plans and specifications for Parts A (1) and B (1) of the Schedule to the Development Credit Agreement and any material modifications subsequently made therein, in such detail as the Association shall request.

(f) 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) and to reflect in accordance with consistently maintained sound accounting practices the operations and accounts of the Department 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, the goods and the operations and accounts of the Department responsible for the carrying out of the Project or any part thereof.

*Section 2.02.* The Province shall at all times make or cause to be made available, promptly as needed, all sums and other resources required for the carrying out of the Project.

*Section 2.03. (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 with regard to the general status of the Credit.

*(b)* The Province 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 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 maintenance of the service thereof, or the performance by the Province of its obligations under this Agreement or which shall increase or threaten to increase materially the estimated cost of the Project.

*Section 2.04.* Except as shall be otherwise agreed between the Province and the Association, the Province shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit which are to be imported into its territory. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods to the site of the Project and shall be for such amounts, as are consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in dollars.

*Section 2.05.* Except as shall be otherwise agreed by the Province and the Association, the Province shall cause all goods purchased in whole or in part with the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project and maintenance of the highway and bridges to be constructed under Parts A (1) and B (1) of the Schedule respectively; and shall cause title to all such goods to be obtained free and clear of all encumbrances.

*Section 2.06.* 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 Development Credit Agreement or the payment of principal and service charges thereunder.

*Section 2.07.* The Province shall cause the highway and bridges included in the Project to be adequately maintained, and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices, and shall take all reasonable steps necessary to enforce weight and other existing regulations designed to preserve the condition of such highway and bridges.

### *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 if and when the entire principal amount of the Credit shall have been repaid by the Province to the Borrower in accordance with the agreement entered into between them pursuant to Section 4.02 (a) of the Development Credit Agreement.

#### *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 West Pakistan  
Lahore

Alternative address for cablegrams and radiograms :

West Pakistan  
Lahore

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
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 West 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.

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 West Pakistan :

*By A. G. N. KAZI*  
Authorized Representative

International Development Association :

*By George D. WOODS*  
President

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