

No. 7765

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*West Pakistan Education Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of West Pakistan). Signed at Washington, on 25 March 1964

Official text: English.

Registered by the International Development Association on 11 May 1965.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet relatif à l'enseignement au Pakistan occidental* (avec lettres y relatives 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 25 mars 1964

Texte officiel anglais.

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

No. 7765. DEVELOPMENT CREDIT AGREEMENT¹ (*WEST PAKISTAN EDUCATION PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 25 MARCH 1964

AGREEMENT, dated March 25, 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 improve and to expand facilities at West Pakistan Agricultural University at Lyallpur (hereinafter called Lyallpur University); to equip six technical institutes; and to further technical teacher training at Karachi and Rawalpindi, Technical Teacher Training College;

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, 1961,² with the same force and effect as if they were fully set forth herein subject,

¹ Came into force on 13 August 1964, upon notification by the Association to the Government of Pakistan.

² See p. 298 of this volume.

however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations):

(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 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, providing for the carrying out of the Project,¹ and shall include any amendments thereof made by agreement between the Province and the Association.

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 eight million five hundred thousand dollars (\$8,500,000).

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 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;
- (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 Part A (1) 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 withdrawals shall not be made on account of expenditures prior to January 1, 1963;

provided, further, that withdrawals shall not be made : on account of Part (A) (1) of the Project unless and until the Province has retained for, or caused to be retained by, Lyallpur University : (i) a full-time qualified architect or engineer to advise on the construction phase of the Project and to assist it in its relations with the consulting architects and contractors; and (ii) qualified and experienced consulting architects, satisfactory to the Association, to prepare detailed plans based upon the University's Master Plan of 1963 and to supervise construction at that University;

¹ See p. 298 of this volume

nor on account of equipment for any one of the technical institutes named in Part (B) of the Project unless and until the Association is satisfied that the buildings at that institute have reached the appropriate stage of construction and readiness for procurement of equipment for that particular institute;

nor on account of Part (B) of the Project unless and until the Province has appointed to its Directorate of Technical Education a full-time qualified project director satisfactory to the Association.

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 outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 15 and September 15 commencing March 15, 1974 and ending September 15, 2013, each installment to and including the installment payable on September 15, 1983 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment 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 which the proceeds of the Credit are to be applied 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 technical standards and with due regard to economy and shall cause the educational institutions included in the Project to be operated in accordance with sound educational 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 funds 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, 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 : 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 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.

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 December 31, 1968, or such other date or dates 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 J. Burke KNAPP
Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The purpose of the Project is to improve and expand institutions in West Pakistan for education and training in technical and agricultural subjects.

The Project includes :

(A) At Lyallpur University :

- (1) the construction or reconstruction of academic and general buildings (except for staff housing), of student hostels, and site development, including installation of utilities and other ancillary facilities; and
- (2) the procurement and installation of equipment for the operation of the facilities listed above;

(B) At the existing technical institutes at Lahore, Hyderabad, Bahawalpur, Khairpur and Sialkot and at the new technical institute to be constructed at Multan, the procurement and installation of equipment for classrooms, laboratories, libraries, workshops, student hostels and administrative offices; and

(C) The expansion of the technical teacher training program at the Technical Teacher Colleges at Karachi and Rawalpindi by the employment of expatriate teaching personnel in certain special disciplines and provision of funds for training overseas of Pakistani teachers in disciplines corresponding to those of the expatriate teachers.

* * *

It is expected that all phases of the Project will be completed about 1968.

LETTERS RELATED TO THE DEVELOPMENT CREDIT AGREEMENT

ISLAMIC REPUBLIC OF PAKISTAN

March 25, 1964

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

Re : *West Pakistan Education Project*
Administration for Project and Procurement

Dear Sirs :

We refer to Sections 3.01 and 4.01 (a) of the Development Credit Agreement (*West Pakistan Education Project*),¹ which is incorporated by reference in the Project Agreement,² both of even date between us. This letter outlines some aspects of the

¹ See p. 276 of this volume.

² See p. 298 of this volume.

administration of the Project and of the methods and procedures we have agreed upon for the procurement of the goods to be financed out of the Credit.

A. Administration for the Project

1. We agree that the carrying out of Parts (B) and (C) of the Project places additional and special responsibilities upon the Directorate of Technical Education in the Department of Education of the Province and requires supplemental personnel. In general, two functions must be performed: the coordination of aspects of the Project (construction, procurement of equipment, teacher training and reporting as required by the aforesaid Agreements); and the provision of advice on selection and installation of equipment.

2. The Director of Technical Education shall be responsible for the carrying out of the above-mentioned aspects of the Project. The Province shall appoint to assist the Director, a qualified and experienced officer to act full-time as project director. The responsibilities of the project director shall be to coordinate and expedite the carrying out of the Project.

3. The Province undertakes to complete construction of the existing technical institutes at Lahore, Hyderabad, Bahawalpur, Khairpur and Sialkot and to construct a new technical institute at Multan, all referred to in Part (B) of the Schedule to the Development Credit Agreement, and to keep the Association informed of the progress of such construction in order that the Association can satisfy itself that the buildings at a particular institute have reached the appropriate stage of construction and readiness for procurement of equipment for that particular institute. These reports shall be prepared by the aforesaid project director and shall be transmitted to the Association by the Director of Technical Education.

4. The Province undertakes to obtain advice on selection and installation of equipment. To this end, there will be employed an equipment specialist, experienced in the selection and installation of the types of equipment to be financed, satisfactory to the Association. It is agreed that this specialist will be employed for a period not less than two years and that he will advise the Directorate of Technical Education on the selection and installation of equipment for the technical institutes.

B. Procurement

1. The Province undertakes to procure or cause to be procured goods on such basis as to permit broad international competition.

2. As regards Lyallpur University, the procedure will be:

(a) For construction:

- (i) contracts for construction of buildings included in the Project will be awarded on the basis of the lowest evaluated bid following the inviting of bids under broad international competition;
- (ii) prior to inviting bids, the consulting architects will review the invitations and tender documents to ensure that they provide for international competitive bidding and that specifications and invitations are appropriate;

(iii) tender documents will be forwarded to the Association for comment prior to their issuance, and analysis of the bids thereon will be similarly submitted prior to the awarding of the contract.

(b) For equipment :

- (i) equipment lists will be prepared by the teaching or other departments of the University with the advice of representatives of its educational consultants (presently Washington State University) working in those departments and shall be reviewed and approved by the Council of Deans;
- (ii) such approved lists shall be written so as to permit broad international bidding and shall be submitted to the Association for its information and, in the case of any individual item the cost of which exceeds \$10,000 (or the equivalent thereof) for the approval of the Association.

(c) As an exception to the foregoing, if the University finds it necessary so as not to delay the implementation of specific teaching programs, it may make purchases of instructional equipment directly from suppliers to meet particular teaching needs or to obtain specialized instructional equipment. The University may expend an amount not to exceed \$30,000 per year, or the equivalent thereof, for such purposes, and the Vice Chancellor shall submit a report semi-annually summarizing the amounts expended for, and the reasons for, such purchases.

3. Prior to the procurement of equipment for the technical institutes the procedure will be :

(a) The Directorate of Technical Education will review and revise the "Suggested Equipment Lists" contained in the *Manual of Standards for Polytechnic Institutes* with the advice of the equipment specialist. The equipment for the technical institutes in Part (B) of the Schedule to the Development Credit Agreement is to be based upon these Revised Lists.

(b) After the "Suggested Equipment Lists" have been so revised, they will be submitted for review to UNESCO or some other qualified agency satisfactory to the Association to assure that specifications are written so as to permit international competitive bidding. The Association shall be provided with a copy of the report of such agency.

Please indicate your agreement to the foregoing by confirming this letter, retaining a copy for your records, and returning the others to us.

Very truly yours,

Islamic Republic of Pakistan :

By A. G. N. KAZI
Authorized Representative

Province of West Pakistan :

By A. G. N. KAZI
Authorized Representative

Confirmed :

International Development Association :

By Escott REID

ISLAMIC REPUBLIC OF PAKISTAN

March 25, 1964

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

Re : *West Pakistan Education Project*
Currency of Repayment

Dear Sirs :

We refer to the Development Credit Agreement (*West Pakistan Education 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.
- (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 determine to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

¹ See p. 276 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.

Very truly 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 EDUCATION PROJECT*)

AGREEMENT, dated March 25, 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 herewith¹ (hereinafter called the Development Credit Agreement) between the Islamic Republic of Pakistan (hereinafter called the Borrower) and the Association, the Association has agreed to assist in the financing of a project in the Province of West Pakistan to improve and to expand facilities at West Pakistan Agricultural University at Lyallpur (hereinafter called Lyallpur University); to equip six technical institutes; and to further technical teacher training at Karachi and Rawalpindi Technical Teacher Training Colleges; and to make available to the Borrower a development credit in various currencies equivalent to eight million five hundred thousand dollars (\$8,500,000), on the terms and conditions set forth in the

¹ See p. 276 of this volume.

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 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 technical standards and with due regard to economy and shall cause the educational institutions included in the Project to be operated in accordance with sound educational practices.

(b) The Province shall cause the physical plant and equipment of the institutions mentioned in Parts (A) and (B) of the Schedule to the Development Credit Agreement to be adequately maintained and shall cause from time to time all necessary renewals and repairs to be made thereto.

(c) The Province shall employ, or cause to be employed, qualified and experienced architects, engineers, consultants and specialists satisfactory to, and upon terms and conditions agreed between, the Borrower and the Association to assist in the carrying out of the Project.

(d) The Province shall cause to be furnished to the Association promptly upon their preparation, the architects' briefs, designs, specifications, contracts and work schedules for the construction referred to in Parts (A) and (B) of the Schedule to the Development Credit Agreement and any material modifications subsequently made therein, in such detail as the Association shall request; said data to be satisfactory to the Association.

(e) Except as the Association shall otherwise agree, the Province shall cause construction referred to in Part (A) of the Schedule to the Development Credit Agreement to be carried out by contractors satisfactory to the Association and employed under contracts satisfactory to the Association.

(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 financial condition of Lyallpur University and of the Directorate

of Technical Education in the Education Department 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, the goods and the operations and financial condition with respect to the Project of Lyallpur University and of the Directorate of Technical Education in the Education Department of the Province 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 funds and other resources required for the carrying out of the Project and for the operation of the educational institutions mentioned in Parts (A) and (B) of the Schedule to the Development Credit Agreement.

Section 2.03. (a) The Province shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request with regard to its programs for educational development and with regard to the operation of the educational institutions mentioned in Parts (A) and (B) of the Schedule to the Development Credit Agreement.

(b) Upon request the Province shall furnish or cause to be furnished to the Association, from time to time upon their preparation, its general programs for the construction of new, and the expansion of existing, educational institutions and shall afford the Association an opportunity to exchange views with respect thereto.

Section 2.04. (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 2.05. 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 is 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 2.06. Except as shall be otherwise agreed by the Province and the Association :

(a) 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

(b) the Province shall cause title to all such goods to be obtained free and clear of all encumbrances. Goods, the cost of which are financed out of the proceeds of the Credit, shall not be sold or otherwise disposed of without the prior consent of the Association.

Section 2.07. 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.

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, Pakistan

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 J. Burke KNAPP
Vice President
