

No. 8355

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INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
PAKISTAN

Development Credit Agreement — *Foodgrain Storage 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 10 February 1966

*Official text: English.*

*Registered by the International Development Association on 11 October 1966*

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ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
PAKISTAN

Contrat de crédit de développement — *Projet de stockage des céréales alimentaires* (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 10 février 1966

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 11 octobre 1966.*

No. 8355. DEVELOPMENT CREDIT AGREEMENT <sup>1</sup>  
(*FOODGRAIN STORAGE PROJECT*) BETWEEN THE  
ISLAMIC REPUBLIC OF PAKISTAN AND THE INTER-  
NATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT  
WASHINGTON, ON 10 FEBRUARY 1966

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AGREEMENT, dated February 10, 1966, between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Province of East Pakistan have requested the Association to assist in financing a project for the establishment of modern grain storage and handling facilities in the Province of East Pakistan ;

WHEREAS Sweden has by an agreement of even date herewith agreed to make available to the Borrower a credit in a principal amount of twenty-five million Swedish kronor equivalent at present parity rates to four million eight hundred thousand dollars (\$4,800,000) for the purpose aforesaid ;

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

WHEREAS the Borrower, Sweden and the Association have by an agreement of even date herewith <sup>2</sup> made arrangements for the processing of applications for withdrawal of the proceeds of the financing to be provided by the Association and Sweden, and for the regulation of other matters of common interest connected with such financing ; and

WHEREAS the Association is willing on the basis of the foregoing, to make a development credit available on the terms and conditions provided herein, in a project agreement of even date <sup>3</sup> herewith between the Province of East Pakistan and the Association, and in the aforesaid agreement between the Borrower, Sweden, and the Association ;

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<sup>1</sup> Came into force on 19 April 1966, upon notification by the Association to the Government of Pakistan.

<sup>2</sup> See p. 129 of this volume.

<sup>3</sup> See p. 112 of this volume.

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to the Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961, <sup>1</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) :

(a) The second sentence of Section 2.02 is deleted.

(b) 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. ”

(c) 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. ”

(d) Section 3.04 is re-numbered Section 3.05.

<sup>1</sup> See p. 112 of this volume.

(e) Sections 4.01, 4.02, 4.03, 4.04 and 4.05 are deleted, and Section 4.06 is re-numbered Section 4.01.

(f) Section 5.03 is deleted and the following new Section is substituted therefor :

“ SECTION 5.03. *Cancellation by the Association.* If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days or (b) by the date specified in the Development Credit Agreement as the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account or (c) if by June 30, 1967 the actions listed in the Schedule to this Agreement shall not have been carried out to the satisfaction of the Association and there shall remain unwithdrawn any amount of the Credit, the Association may by notice to the Borrower terminate, in whole or in part, the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Credit shall be cancelled. If, however, the Borrower informs the Association that the Province is ready to award contracts for the construction of any or all of the silos (except Chalna), then for the purposes of this Sub-Section (c) hereof the Association will determine before June 30, 1967, whether the actions listed in the Schedule to this Agreement have been carried out satisfactorily. ”

(g) Section 6.02 is amended by inserting the words “ the Project Agreement, the Swedish Agreement or the Administration Agreement ” after the words “ the Development Credit Agreement. ”

(h) Section 7.02 is deleted and the following is substituted therefor :

“ SECTION 7.02. *Evidence of Authority.* The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person. ”

(i) Paragraph 9 of Section 9.01 is modified as follows :

“ The term ‘ Project ’ means the project for which the Credit is granted, as described in the Schedule to the Administration Agreement and as the description thereof shall be amended from time to time by agreement between the parties thereto. ”

(j) Section 8.04 is deleted.

(k) 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. ”

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

*Section 1.02.* Wherever used in the Development Credit Agreement or in any schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(a) “ Province ” means the Province of East Pakistan, a political subdivision of the Borrower.

(b) “ Project Agreement ” means the agreement between the Province and the Association of even date herewith, providing for the carrying out of the Project.

(c) “ Swedish Agreement ” means the agreement referred to in Section 6.01 (a) of this Agreement, as the same may from time to time be amended by agreement of the parties thereto.

(d) “ Swedish Credit ” means the financing made available to the Borrower under the Swedish Agreement.

(e) “ Administration Agreement ” means the agreement referred to in Section 6.01 (b) of this Agreement, as the same may from time to time be amended by agreement of the parties thereto.

(f) “ Food Department ” means the Food Department of the Government of East Pakistan or any successor agency thereof responsible for the regulation and control of procurement, storage, supply and distribution of foodgrains and with responsibility for carrying out the Project.

(g) “ Sweden ” means the Kingdom of Sweden.

## *Article II*

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to nineteen million two hundred thousand dollars (\$19,200,000).

*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 the Development Credit Agreement and the Administration Agreement.

*Section 2.03.* (a) 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.

(b) Service charges shall be payable semi-annually on January 1, and July 1 in each year.

*Section 2.04.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each January 1 and July 1 commencing January 1, 1976, and ending July 1, 2015, each instalment to and including the instalment payable on July 1, 1985 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 and of the Swedish Credit to be applied exclusively to financing the cost of goods required to carry out the Project. The proceeds of the Credit and of the Swedish Credit shall be withdrawn and utilized only in accordance with the Development Credit Agreement and the Swedish Agreement respectively, and as provided in the Administration Agreement.

*Section 3.02.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit and of the Swedish Credit to be used exclusively in the carrying out of the Project.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01.* The Borrower shall cause the Project to be carried out and operated with due diligence and efficiency and in conformity with sound engineering and financial practices.

*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 to be determined by agreement between the Borrower and the Association, subject to modifications by further agreement between them.

(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.

(c) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable the Province to perform all its obligations under the Project Agreement, the Swedish Agreement and the Administration Agreement and shall not take or permit any action that would interfere with the performance of such obligations by the Province.

*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 or to the Administration Agreement.

*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.* The Development Credit Agreement and the Project Agreement and the Administration 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 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 during the continuance thereof 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 the Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 5.02 (j) of the Regulations, the following additional events are specified :

(a) The right of the Borrower to withdraw the proceeds of the Swedish Credit shall have been suspended or terminated in whole or in part.

(b) The outstanding principal of the Swedish Credit shall have been declared, or become, due and payable in advance of the agreed maturity thereof.

(c) The Borrower shall have cancelled any part of the Swedish Credit without a cancellation of a corresponding proportion of the Credit.

(d) 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 the Development Credit Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) That the Borrower and Sweden shall have entered into an agreement providing for a credit in a principal amount of twenty-five million Swedish kronor equivalent at present parity rates to four million eight hundred thousand dollars (\$4,800,000) for the Project.

(b) That the Borrower, the Association and Sweden shall have entered into an agreement making arrangements for the processing of applications for the withdrawal of the proceeds of the Credit and the proceeds of the Swedish Credit, for the utilization of such proceeds and for the regulation of other matters of common interest connected therewith.



(c) That either concurrently with or prior to the Development Credit Agreement becoming effective, the Swedish Agreement, the Administration Agreement and the Project Agreement shall become or shall have become effective and constitute valid and binding obligations on the respective parties to those agreements in accordance with their respective terms.

(d) That the Province shall have, in accordance with Section 2.01 (a) of the Project Agreement, appointed a Project Manager acceptable to the Association.

*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 Swedish Agreement and the Administration Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and that each such agreement constitutes a valid and binding obligation of the Borrower in accordance with its terms.

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

*Section 6.03.* If this Development Credit Agreement shall not have come into force and effect by May 15, 1966, this Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Association shall promptly notify the Borrower, Sweden and the Province of such later date.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower with respect to the carrying out of the Project shall forthwith terminate.

## *Article VII*

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1971, 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 cables 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 cables 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 S. M. SULAIMAN  
Authorized Representative

International Development Association :

By George D. WOODS  
President

## SCHEDULE

ACTIONS TO BE TAKEN BY JUNE 30, 1967

*Engineering and Preliminary Works*

(a) completion of the works on Part I (1) (except for construction drawings) and (2) (except for Chalna) of the Description of the Project ;

(b) performance of sufficient work on Part I (3) of the Description of Project that construction of the silos can proceed according to the schedule envisaged in the contracts therefor.

*Improvement of Existing Storage*

Employment of engineering consultants to determine requirements, godown repairs and modifications, including preparation of a plan of operations.

*Inventory Control System*

Appointment of consultants to devise a system of inventory control and to prepare a plan to carry it out.

*Pest-Infestation Control*

(a) employment of experts to devise a program of sanitation and pest-infestation control ;

(b) adoption of a training program for pest control squads.

*Training Program*

(a) selection of personnel to be trained in silo management and operations, grain inventory control, sanitation, pest-infestation control and other technical skills needed for silo operations ;

(b) adoption of a training program to be conducted in a training facility to be established in East Pakistan.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

ISLAMIC REPUBLIC OF PAKISTAN

February 10, 1966

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

*Credit No. 83-PAK*  
*Re : (Foodgrain Storage Project)*  
*Currency of Repayment*

Dear Sirs :

We refer to the Development Credit Agreement (*Foodgrain Storage Project*) of even date herewith between the Islamic Republic of Pakistan and the International Development Association 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 than one theretofore designated pursuant to this clause (ii) or selected pursuant to clause (iv) 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) 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.

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 S. M. SULAIMAN  
Authorized Representative

*Confirmed :*

International Development  
Association :

By Alexander STEVENSON

## 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  
(FOODGRAIN STORAGE PROJECT)

AGREEMENT, dated February 10, 1966, between the PROVINCE OF EAST PAKISTAN, acting by its Governor (hereinafter called the Province) and the 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 nineteen million two hundred thousand dollars (\$19,200,000), 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 ;

WHEREAS Sweden has by an agreement of even date herewith agreed to make available to the Borrower a credit in a principal amount of twenty-five million Swedish kronor equivalent at present parity rates to four million eight hundred thousand dollars (\$4,800,000) to be used for the Project ;

WHEREAS the Borrower, Sweden, and the Association have by an agreement of even date herewith<sup>2</sup> made arrangements for the processing of applications for withdrawal of the proceeds of the financing to be provided by the Association and Sweden, and for the regulation of other matters of common interest connected with such financing ; and

WHEREAS the Province, in consideration of the foregoing has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

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<sup>1</sup> See p. 90 of this volume.

<sup>2</sup> See p. 129 of this volume.

*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

*Section 2.01.* (a) The Province shall cause the Project to be carried out and operated by its Food Department with due diligence and efficiency and in conformity with sound engineering and financial practices. The Project shall be under the direction of a Project Manager with adequate engineering and administrative qualifications.

(b) The Province shall make available, promptly as needed, all sums and other resources required to carry out the Project.

(c) Except as the Association shall otherwise agree, the proceeds of the Credit and of the Swedish Credit shall be applied in accordance with the provisions of the Development Credit Agreement and the Swedish Agreement, respectively, to financing the cost of goods required to carry out the Project.

(d) In the carrying out of the Project, the Province shall (i) employ or cause to be employed competent and experienced consultants acceptable to the Association, to an extent and upon terms and conditions satisfactory to the Association; and (ii) cause the Project to be constructed by one or more contractors acceptable to the Association employed on terms and conditions satisfactory to the Association.

(e) The Province shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and financial practices and shall cause all works and facilities not included in the Project but necessary for the proper and efficient operation thereof to be carried out and operated and adequately maintained and repaired in accordance with such practices.

(f) Upon request 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.

(g) 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 the Food Department responsible for the construction or operation of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods

and any other properties, equipment, operations, records and documents relevant to the construction or operation of the Project or any part thereof ; 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 administration, operations and financial condition of the Food Department responsible for the construction or operation of the Project or any part thereof.

*Section 2.02.* (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 their representatives with regard to the performance by the Province of its obligations hereunder and the administration, operations and financial condition of the Food Department responsible for the carrying out of the Project or any part thereof.

(c) The Province shall promptly inform or cause the Association to be informed 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.

(d) The Province shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of its territory for purposes related to the Credit.

*Section 2.03.* (a) The Province shall take out and maintain with responsible insurers or make other provision satisfactory to the Association for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Province undertakes to insure the imported goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Province to replace or repair such goods.

*Section 2.04.* Except as shall otherwise be 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 exclusively in the territories of the Borrower for the carrying out of the Project.

*Section 2.05.* Except in the normal course of business, goods purchased or paid for out of the proceeds of the Credit and the Swedish Credit shall not be sold or otherwise disposed of without the prior consent of the Association.

*Article III*

## EFFECTIVE DATE ; TERMINATION

*Section 3.01.* (a) This Project Agreement shall come into force and effect on the Effective Date.

(b) If the Association shall terminate the Development Credit Agreement pursuant to Section 6.03 thereof, the Association shall promptly notify the Province and upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

*Section 3.02.* This Project Agreement shall terminate and the obligations of the parties hereunder shall cease and determine : (i) on the date when the Development Credit Agreement shall terminate in accordance with its terms ; or (ii) if and when the entire amount of the Credit remaining unwithdrawn from the Credit Account shall have been cancelled pursuant to Section 1.01 (f) of the Development Credit Agreement ; or (iii) 20 years after the date of this Project Agreement, whichever shall be earliest.

*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 :

(a) For the Province :

Chief Secretary  
Government of East Pakistan  
Dacca, East Pakistan

Alternative address for cables and radiograms :

East Pakistan  
Dacca

(b) For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cables 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 S. M. SULAIMAN  
Authorized Representative

International Development Association :

By George D. WOODS  
President

LETTER RELATING TO THE PROJECT AGREEMENT BETWEEN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND THE PROVINCE OF EAST PAKISTAN AND THE ADMINISTRATION AGREEMENT<sup>1</sup> BETWEEN THE ASSOCIATION, PAKISTAN AND SWEDEN

PROVINCE OF EAST PAKISTAN

February 10, 1966

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

*Credit No. 83-PAK*  
Re : (*Foodgrain Storage Project*)  
*Execution of Project*

Dear Sirs :

We refer to sub-Sections 2.01 (a) and (d) of the Project Agreement (*Foodgrain Storage Project*) of even date herewith between us, and to the Schedule to the Administration Agreement<sup>1</sup> (*Foodgrain Storage Project*) of even date herewith between the Islamic Republic of Pakistan, the Kingdom of Sweden and the Association

<sup>1</sup> See p. 129 of this volume.

and wish to record below the understanding reached with you regarding several aspects of the execution of the Project.

1. *Responsibilities of the Project Manager.* In accordance with Section 2.01 (a) of the Project Agreement and Section 6.01 (d) of the Development Credit Agreement, the Province will appoint with necessary status a Project Manager. The Project Manager will procure directly all materials and equipment for the Project; coordinate the activities of the engineering and management consultants; recommend personnel for training and supervise specialized training programs. In addition, the Project Manager will, with respect to the Project, cooperate closely with other agencies regarding improvement of existing foodgrain storage facilities; planning and other coordination of the pest-infestation control program; coordination of transportation; and ancillary activities necessary for efficient execution of the Project. In performing all these functions, the Project Manager will act under the over-all supervision of the Head of the Food Department.

2. *Engineering and Management Consulting Services.* The Province will employ consultants in the construction of the silos, as well as for the operation of the silos during an initial two year period as follows:

One Silo Operation Expert : 2 man-years

One Silo Maintenance Engineer : 8 man-months of service over a two-year period.

If necessary the consultants will be employed for a longer period agreed between us. The cost of employing said consultants beyond the initial two-year period will be borne by us.

3. *Improvement of Storage Facilities.* With reference to paragraph (1) of part III of the Schedule this will confirm that the Food Department will commence a continuous program of repair and improvement of existing godown storage. Priority will be given: (i) to wheat storage sheds; and (ii) to modifications essential to provide protection of bagged grain from pest-infestation and water damage. In carrying out this part of the Project, we will employ:

One Storage Facility Engineer : 2 man-years of service over a four-year period.

Repairs and improvements will be undertaken in accordance with the designs and specifications recommended by the consultants and approved by the Province.

4. *Inventory Control System.* With reference to paragraph (2) of part III of the Schedule, we will appoint consultants to assess the requirements for the establishment of a modern inventory control system to be operated by the Food Department. Based on the recommendations of the consultant, we will adopt a system and put it into operation prior to the completion of construction of the silos.

5. *Pest-Infestation Control Program.* With reference to paragraph (3) of part III of the Schedule the Food Department will take immediate steps to strengthen its pest-infestation control staff and services. In addition, the Food Department will take measures: (i) for improvement of godown hygiene; (ii) for storage of rice and wheat in separate godowns; (iii) to ensure the exclusive use of new or fumigated used bags; (iv) to avoid long-term storage of wheat at local supply depots; (v) to establish laboratory testing facilities at each of the four regional offices of the Food Department; (vi) to extend the inspection system to include regular inspection of railway wagons, boats and trucks used in the transport of foodgrains; and (vii) to introduce an improved system of insect control. In carrying out this part of the Project, we will employ:

One specialist in pest-control of stored foodgrains: 2 years.

6. *Training of Personnel.* With reference to paragraph (4) of part III of the Schedule, the Province will proceed as follows:

(a) *Training Abroad.* The Food Department will appoint as soon as practicable key silo management staff with degrees in engineering (superintendents and maintenance engineers), and pest-infestation officers with adequate technical qualifications. Arrangements will be made for specialized training abroad for such staff to include where applicable on-the-job training in silos of types similar to those to be constructed for the Project, silo operation and maintenance, grain inventory control techniques, pest-infestation control, sanitation measures and all other essential techniques for conditioning, handling and storing foodgrains.

(b) *Local Training Facility.* A training facility will be established in East Pakistan by the Food Department to provide specialized training for operational personnel in the techniques referred to in sub-paragraph (a). We will, in agreement with the Association, employ advisers for as long as needed on the teaching staff at the facility. When the key management personnel specified in sub-paragraph (a) have completed their training abroad, they will assist in the work of the training facility until assigned to actual silo operations.

7. *Organization for Operation and Management of Silos.* With reference to paragraph (5) of part III of the Schedule, there will be established within the Food Department by November 1, 1967, a new organization under the direct supervision of the Head of the Food Department and responsible for the operation of the silos and the movement and storage of all foodgrains handled at the silos and including delivery thereof to local storage depots and flour mills. We will consult with the Association regarding the qualifications of the Head of this new organization.

8. *Transportation of Foodgrains.* With reference to paragraph (6) of part III of the Schedule, we will as required: (i) provide rail wagons for grain transport and have such wagons modified for hauling bulk grain; and (ii) take all practicable steps to have mechanized vessels and barges cleaned and lined for bulk grain shipment, all as required for orderly and efficient movement of bulk grain.

Please confirm 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,

Province of East Pakistan :

By S. M. SULAIMAN  
Authorized Representative

*Confirmed :*

International Development  
Association :

By Alexander STEVENSON