

No. 9610

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Technical Assistance Project (General Consultants to EPWAPDA)* (with annexed Credit Regulations No. 1, as amended, and Project Agreement between the Association and the Province of East Pakistan). Signed at Washington on 13 January 1969

Authentic text : English.

Registered by the International Development Association on 6 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet relatif à une assistance technique (Consultants généraux mis à la disposition de l'East Pakistan Water and Power Development Authority [EPWAPDA]) [avec, en annexe, le Règlement n° 1 sur les Crédits de développement, tel qu'il a été modifié, et le Contrat de projet entre l'Association et la Province du Pakistan oriental]. Signé à Washington le 13 janvier 1969*

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 6 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated January 13, 1969, 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 and the United Nations Development Programme (Special Fund) to assist in the financing of a technical assistance project to provide consulting services to the East Pakistan Water and Power Development Authority (EPWAPDA) in the Province of East Pakistan;

WHEREAS the United Nations Development Programme (Special Fund) has indicated that it will assist in financing the cost of consultants' services to the Power Wing of EPWAPDA and management consultants' services to EPWAPDA;

WHEREAS the Province of East Pakistan will, with the Borrower's assistance, cause the East Pakistan Water and Power Development Authority to carry out the said Project and, as part of such assistance, the Borrower will make available to the Province of East Pakistan the proceeds of the development credit provided for herein and the proceeds of the grant to be made to the Borrower by the United Nations Development Programme (Special Fund); and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement² of even date herewith between the Association and the Province of East Pakistan;

NOW THEREFORE the parties hereto hereby 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 as amended February 9, 1967,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof

¹ Came into force on 1 April 1969, upon notification by the Association to the Government of Pakistan.

² See p. 140 of this volume.

³ See p. 140 of this volume.

(said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

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

(b) 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. Unless the context otherwise requires, the following terms wherever used in this Development Credit Agreement 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 Association and the Province of even date herewith, providing for the carrying out of part of the Project and shall include any amendments thereof made by agreement between the Association and the Province.

(c) “ Special Fund ” means the United Nations Development Programme (Special Fund).

(d) “ EPWAPDA ” means the East Pakistan Water and Power Development Authority established under the East Pakistan Water and Power Development Authority Ordinance, 1958.

(e) “ Consultants ” means the consultants referred to in Section 2.01 (d) of the Project Agreement.

(f) “ Foreign currency cost ” means expenditures in currencies other than the currency of the Borrower.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million dollars (\$2,000,000).

Section 2.02. (a) 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.

(b) 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 Development Credit Agreement and the Regulations and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this

Development Credit Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Credit Account :

(i) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project; and

(ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable foreign currency costs of goods required for carrying out the Project.

(b) No withdrawals by the Borrower from the Credit Account shall be made on account of expenditures made prior to the date of this Agreement.

Section 2.04. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 3.02 of the Regulations.

Section 2.05. 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.

Section 2.06. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 15 and August 15 commencing February 15, 1979 and ending August 15, 2018, each installment to and including the installment payable on August 15, 1988 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 apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project described in Schedule 2 to this Development Credit Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods, other than services of the Consultants, to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding as set forth in the " Guidelines for Procurement under World Bank Loans and

IDA Credits”, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Association, and (ii) any contract for the procurement of such goods shall be subject to the approval of the Association.

Section 3.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

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 financial and administrative practices and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

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

Section 4.02. (a) The Borrower shall relend the proceeds of the Credit to the Province on the same financial terms as those of the Credit except that the principal amount of, and service charges on, the credit provided for in such relending shall be payable by the Province in the currency of the Borrower.

(b) The Borrower shall make available to the Province the proceeds of the grant to be made by the Special Fund to the Borrower 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 Development Credit 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 in paragraph (b) of Section 5.02 of the Regulations or in paragraphs (a), (b) or (c) of Section 5.02 of this Agreement 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 Development Credit Agreement to the contrary notwithstanding.

Section 5.02. The following are specified as additional events for the purposes of paragraph (k) of Section 5.02 of the Regulations :

- (a) The Province shall have failed to perform any covenant or agreement under the Project Agreement;
- (b) The Special Fund shall have suspended all assistance to be provided by it under the Plan of Operation referred to in Section 6.01 (b) hereof, or the Special Fund or the Borrower shall have given notice of an intention to terminate pursuant to Section 9.02 (b) of the Plan of Operation.
- (c) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower shall have taken any action for the dissolution or disestablishment of EPWAPDA or for the suspension of its operations, without the consent of the Association.

Article VI

EFFECTIVE DATE; TERMINATION

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

- (a) The execution and delivery of the Project Agreement on behalf of the Province have been duly authorized or ratified by all necessary governmental action;
- (b) The Plan of Operation between the Borrower, Special Fund and the Bank has been duly executed and has become fully effective and binding on the parties thereto in accordance with its terms.

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

- (a) that the Project Agreement has been duly authorized 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;
- (b) that the Plan of Operation referred to in Section 6.01 (b) hereof has been duly authorized and ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

Section 6.03. If this Development Credit Agreement shall not have come into force and effect by April 30, 1969, the Development Credit Agreement and all the obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower and the Province of such date.

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
Islamabad, Pakistan

Cable address :

Economic
Islamabad

For the Association :

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

Cable address :

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. R. BASHIR
Authorized Representative

International Development Association :

By J. Burke KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amount expressed in dollar equivalent</i>
I. Consultants' Services for Part A of Schedule 2 of this Agreement . . .	1,700,000
II. Aircraft and Equipment	200,000
III. Unallocated	100,000
	TOTAL 2,000,000

1. If the estimated cost of the items included in either of the Categories I or II shall increase, an amount equal to such increase will be reallocated by the Association, at the request of the Borrower, to such Category from Category III, subject, however,

to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Category.

2. If the estimated cost of the items included in either of the Categories I or II shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category III.

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of :

- 1) the formulation, development and implementation by EPWAPDA with the assistance of General Consultants of a basic policy, as well as plans and programs, for water and power development; and
- 2) the development by EPWAPDA with the assistance of General Consultants of an efficient organization to plan, finance, construct, operate and maintain water and power development projects to meet the needs of the Province.

The General Consultants' assistance on the Project is divided into the following parts :

A. Services to the Water Wing of EPWAPDA with the objective of providing assistance in the following fields :

- i) management and organization;
- ii) basic data collection in the fields of engineering, hydrology, agriculture and mapping;
- iii) project planning and program formulation for irrigation, drainage, channel improvement, flood protection, river training and agricultural development;
- iv) engineering design;
- v) project construction;
- vi) operation and maintenance of completed projects;
- vii) economic evaluation of project plans and programs;
- viii) co-ordinating the work of other consultants of EPWAPDA; and
- ix) other matters relating to the efficient administration and operation of the Water Wing.

B. Services to the Power Wing of EPWAPDA with the objective of providing assistance in the following fields :

- i) management and organization;
- ii) engineering planning and power market survey techniques;
- iii) project construction;
- iv) training of engineers and operating personnel;
- v) operation and maintenance of completed projects;

- vi) economic evaluation of project plans and programs;
 - vii) co-ordinating the work of other consultants of EPWAPDA; and
 - viii) other matters relating to the efficient administration and operation of the Power Wing.
- C. Services to all parts of the EPWAPDA management with particular reference to :
- i) in service and other special types of staff training;
 - ii) improvements in accounting procedures and inventory control for management information; and
 - iii) development of a program-control and project-control system to furnish construction and operating data for management.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 617, p. 60.*]

PROJECT AGREEMENT

AGREEMENT, dated January 13, 1969, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and the PROVINCE OF EAST PAKISTAN, acting by its Governor (hereinafter called the Province).

WHEREAS by a development credit agreement¹ of even date herewith (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 two million dollars (\$2,000,000), 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;

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; and

¹ See p. 124 of this volume.

WHEREAS the United Nations Development Programme (Special Fund) has indicated that it will assist in financing the cost of consultants' services to the Power Wing of EPWAPDA and management consultants' services to EPWAPDA;

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 EPWAPDA to carry out the Project with due diligence and efficiency and in conformity with sound financial and administrative practices and shall at all times make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) The Province shall make available to EPWAPDA the proceeds of the grant referred to in Section 4.02 *(b)* of the Development Credit Agreement as a grant.

(c) The Province shall relend the proceeds of the Credit to EPWAPDA on the same financial terms as those of the Credit except that the principal amount of, and service charges on, the credit provided for in such relending shall be payable by EPWAPDA in the currency of the Borrower.

(d) The Province shall cause EPWAPDA to employ qualified and experienced General Consultants acceptable to the Association to assist in carrying out the Project upon such terms and conditions, including terms of reference, as shall have been approved by the Association.

(e) The Province shall cause EPWAPDA to cooperate fully with the Consultants in the performance of their services for the Project and make available to them all information relevant to the Project.

(f) The Province shall cause EPWAPDA not to amend or waive any of the terms and conditions of employment of the Consultants, or grant any material extension of time or any approval of sub-contracts or modifications thereof or substitution of personnel of the Consultants, or suspend payments under, or terminate, any contract with the Consultants without the prior agreement of the Association.

Section 2.02. (a) Upon request from time to time by the Association, the Province shall cause EPWAPDA to furnish to the Association documents prepared by the Consultants for the Project, in such number as the Association shall request.

(b) The Province and the Association shall from time to time exchange views with respect to the evaluation and implementation of the recommendations and other conclusions contained in the documents referred to in subsection (a) hereof.

Section 2.03. The Province shall cause EPWAPDA to maintain records adequate to identify the goods financed out of the proceeds of the Credit and to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof) and the operations and accounts of EPWAPDA; 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 EPWAPDA.

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 Project. The Province shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, 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 the Association and the Province shall otherwise agree, the Province shall cause EPWAPDA to insure with responsible insurers all 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 2.06. Except as the Association shall otherwise agree, the Province shall cause (i) all goods financed in whole or in part out of the proceeds of the Credit to be used exclusively in the carrying out of the Project; and (ii) all such goods to be procured in accordance with the methods and procedures provided in Section 3.02 of the Development Credit Agreement.

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

Section 3.03. This Agreement and the obligations of the parties hereunder shall terminate : (i) on the date when the Development Credit Agreement shall have terminated in accordance with its terms; or (ii) on the date the Province shall have repaid the full amount of the proceeds of the Credit to the Borrower, whichever shall be earlier.

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 Association :

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

Cable address :

Indevas
Washington, D.C.

For the Province :

Chief Secretary
Government of East Pakistan
Dacca, Pakistan

Cable address :

East Pakistan
Dacca

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.

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.

International Development Association :

By J. Burke KNAPP
Vice President

Province of East Pakistan :

By A. R. BASHIR
Authorized Representative