

No. 10227

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Third Agricultural Development Bank Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association and the Agricultural Development Bank of Pakistan). Signed at Washington on 26 June 1969

Authentic text: English.

Registered by the International Development Association on 26 January 1970.

**ASSOCIATION
INTERNATIONALE DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Troisième projet relatif à la Banque de développement agricole* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au projet entre l'Association et la Banque de développement agricole du Pakistan). Signé à Washington le 26 juin 1969

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 26 janvier 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 26, 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 and the Agricultural Development Bank of Pakistan have requested the Association to assist in the financing of a lending program for agricultural development which will, *inter alia*, facilitate the purchase of farm machinery and the installation of tubewells;

WHEREAS the Agricultural Development Bank of Pakistan will, with the Borrower's assistance, carry out or cause to be carried out this lending program and, as part of such assistance, the Borrower will make available to the Agricultural Development Bank of Pakistan part of the proceeds of the development credit provided 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 herewith² between the Agricultural Development Bank of Pakistan and the Association;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Development Credit Agree-

¹ Came into force on 23 September 1969, upon notification by the Association to the Government of Pakistan.

² See p. 148 of this volume.

³ See p. 146 of this volume.

ments of the Association, as so modified, being hereinafter called the General Conditions):

- (a) the words “or the Project Agreement” are added after the words “Development Credit Agreement” in Section 8.02.

Section 1.02. Whichever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) “Agricultural Bank” means the Agricultural Development Bank of Pakistan established under the Agricultural Development Bank Ordinance, 1961 of the Borrower;
- (b) “Project Agreement” means the agreement between the Association and the Agricultural Bank of even date herewith, providing for the carrying out of the Project, and shall include any amendments thereof made by agreement between the Agricultural Bank and the Association;
- (c) “Agriculturists” means the agriculturists as defined in the Agricultural Development Bank Ordinance, 1961 of the Borrower; and
- (d) “medium- and long-term loans” means loans with maturities of eighteen months or more.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to thirty million dollars (\$30,000,000).

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 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 in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this 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. The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories II, III, IV, V and VI of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement; and
- (ii) the equivalent of fifty per cent (50%) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Category I of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in Category I, the Association may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. No withdrawals from the Credit Account shall be made:

- (i) under Categories II, III, IV, V and VI of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; or
- (ii) on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with the importation or supply

of, goods or services included in Category I of said allocation of the proceeds of the Credit.

Section 2.05. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. 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 2.07. Service charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing December 15, 1979 and ending June 15, 2019, each installment to and including the installment payable on June 15, 1989 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 in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) goods to be financed out of the proceeds of the Credit involving U.S. \$100,000 equivalent or more c.i.f. port of entry in Pakistan, which will be purchased by a single borrower of the Agricultural Bank, shall be procured on the basis of international competitive bidding in accordance with 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 are set forth in Schedule 3 to this Agreement; and (ii) contracts for the procurement of such goods shall be subject to the prior

approval of the Association. The Borrower shall cause goods and services to be financed out of the proceeds of the Credit, which by the terms of the preceding sentence need not be procured on the basis of international competitive bidding, to be procured through regular commercial channels. The Borrower shall endeavor to maintain the competitive situation currently existing among suppliers of farm machinery operating within the territories of the Borrower and shall promptly inform the Association of any condition which could affect such competitive situation.

Section 3.03. The Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for carrying out the purposes of the Project, except as the Association may otherwise agree.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, agricultural, engineering and economic practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 4.02. The Borrower shall take all action which shall be necessary on its part to enable the Agricultural Bank 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 Agricultural Bank.

Section 4.03. Except as the Association shall otherwise agree, the Borrower shall relend in the currency of the Borrower the amounts of the Credit which may be withdrawn in respect of Categories I, II, III, IV and VI of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement, or the equivalent thereof, to the Agricultural Bank on the following terms:

- (i) interest at 4% per annum on the principal amount outstanding from time to time; and

(ii) amortization in twenty years including five years of grace.

Section 4.04. (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 4.05. 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 4.06. The 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.

Section 4.07. The Borrower shall cause the auditors of the Agricultural Bank to evaluate all overdue accounts owing to the Agricultural Bank, to estimate probable bad debt losses, and to recommend an amount to be set aside as a reserve against bad debt losses, all in accordance with generally accepted auditing principles and procedures.

Section 4.08. The Borrower shall issue import licenses for each particular make of farm machinery to be financed out of the proceeds of the Credit in accordance with the Agriculturists' demand for each particular make. The

Borrower shall calculate such demand from loans approved by the Agricultural Bank.

Section 4.09. During each of the Borrower's two fiscal years 1969/1970 and 1970/1971, the Borrower shall issue import licenses and make the foreign exchange needed therefor available for a minimum quantity of tractor spare parts, including tractor tires, for each tractor make imported into the territories of the Borrower from a country member of the Bank and Switzerland, of a total c.i.f. value of not less than ten per cent (10%) of the total c.i.f. value of such tractor make imported into the territories of the Borrower during the five calendar years immediately preceding the calculation of the minimum yearly quantity. The Borrower shall ensure that foreign exchange for the purchase of such spare parts and tires may be obtained on the same terms as are applicable to obtaining foreign exchange for those tractors which are imported concurrently during the same two fiscal years.

Section 4.10. The Borrower shall take measures to establish, and to maintain until the Credit has been disbursed, an adequate level of domestic prices for farm machinery and spare parts thereof, including tractors, tractor spare parts and tractor tires.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) the Agricultural Bank shall have failed to perform any covenant or

agreement under the Project Agreement and such failure shall have continued for a period of sixty days; and

- (b) the Agricultural Development Bank Ordinance, 1961 of the Borrower shall have been suspended, terminated, repealed or amended in such a way as to materially affect the powers, duties, functions or responsibilities of the Agricultural Bank.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) the measures specified in Section 4.10 of this Agreement shall have been taken; and
- (b) the execution and delivery of the Project Agreement on behalf of the Agricultural Bank shall have been duly authorized and ratified by all necessary action.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Agricultural Bank and constitutes a valid and binding obligation of the Agricultural Bank in accordance with its terms.

Section 6.03. The date of September 30, 1969 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Sections 4.02, 4.08 and 4.09 of this Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date twenty-one years after the date of this Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1972 or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

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

Alternative address for cables:

Economic
Islamabad

For the Association:

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

Alternative address for cables:

Indevas
Washington, D. C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be 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 PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Tubewells	9,450,000
II. Tractors, assembled or unassembled (including freight and insurance)	11,200,000
III. Tractor implements and other farm machinery (including freight and insurance)	4,000,000
IV. Power tillers and implements (including freight and insurance)	3,000,000
V. Spare parts for tractors previously financed by the Association (including freight and insurance)	2,300,000
VI. Farm management services	50,000
TOTAL:	<u>30,000,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

If the estimate of the cost of the items included in any of the Categories I to VI shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will, at the request of the Borrower, be reallocated by the Association to any of the other Categories, if the estimate of the cost of items included in such other Category shall have increased, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's agricultural development program to assist farmers in improving their farming practices. It consists of two parts as follows:

Part I. A program of medium- and long-term loans to be made by the Agricultural Bank to Agriculturists during the period ending December 31, 1971 for tubewells, tractors, tractor implements and other farm machinery, power tillers and power tiller implements;

Part II. The importation and distribution of spare parts for farm tractors over the period ending December 31, 1971.

SCHEDULE 3

PROCUREMENT

The following procedures will be followed for any international competitive bidding:

1. The Agricultural Bank will submit to the Association for approval the tender documents, forms of contract and the description of the proposed tendering procedures. The timing between calling of bids and bidopening shall be not less than 21 days and not less than 45 days between the award of contracts and delivery.

2. Before a contract is awarded, the Agricultural Bank will submit to the Association for approval, a summary of the bids received and a brief justification of the proposed award. In comparing bids the following rules shall be observed:

(a) Bid prices offered in respect of goods produced outside the territories of the Borrower shall consist exclusively of the following components:

- (i) the c.i.f. landed price of such goods; and
- (ii) the handling and dealer's commission in respect of such goods.

(b) Bid prices offered in respect of goods assembled within the territories of the Borrower shall consist exclusively of the following components:

- (i) the ex-factory price of such goods, after deduction of taxes and duties, levied on the importation into the territories of the Borrower of component parts of such goods; and
- (ii) the handling and dealer's commission in respect of such goods.

3. As soon as the contract is signed, the Agricultural Bank will send a certified copy of the contract to the Association.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]

PROJECT AGREEMENT

AGREEMENT, dated June 26, 1969, between AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN (hereinafter called the Agricultural Bank) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date herewith (hereinafter called the Development Credit Agreement ¹) 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 thirty million dollars (\$30,000,000), on the terms and conditions set forth in the Development Credit Agreement, and on condition that the Agricultural Bank agrees to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth; and

WHEREAS the Agricultural Bank, 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 General Conditions ² (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS

Section 2.01. (a) The Agricultural Bank shall carry out, or cause to be carried out, Part I of the Project with due diligence and efficiency and in conformity with sound agricultural, engineering, economic and financial practices.

(b) The Agricultural Bank shall lend such amounts of the proceeds of the Credit as the Borrower shall make available to it, or the equivalent thereof, as loans

¹ See p. 126 of this volume.

² See p. 146 of this volume.

or portions of loans to Agriculturists in accordance with the criteria set out in the Schedule to this Agreement. Any loan of loans from the proceeds of the Credit to a single borrower of an aggregate principal amount of \$100,000 equivalent or more shall be subject to the prior approval of the Association.

(c) The Agricultural Bank shall at all times charge interest rates on all its loans to enable it:

- (i) to cover all its operating expenditures and charges, including taxes, if any, and interest payments on borrowings;
- (ii) to set up a special reserve against bad or doubtful loans; and
- (iii) to accumulate adequate general reserves.

Except as the Association may otherwise agree, interest rates and other charges on outstanding balances on medium- and long-term loans shall be not less than eight per cent (8%) per annum.

Section 2.02. The Agricultural Bank 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 Agricultural Bank; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project and the goods, and the administration, operations and financial condition of the Agricultural Bank.

Section 2.03. (a) The Agricultural Bank 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 Agricultural Bank and the Association shall from time to time exchange views through their representatives with regard to the performance by the Agricultural Bank of its obligations hereunder, and the administration, operations and financial condition of the Agricultural Bank.

(c) The Agricultural Bank shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by the Agricultural Bank of its obligations under this Project Agreement.

Section 2.04. (a) Except as shall be otherwise agreed between the Association and the Agricultural Bank, the Agricultural Bank shall take out and maintain, or cause to be taken out and maintained, insurance against such risks and in such amounts as shall be consistent with sound practices.

(b) Without limiting the generality of the foregoing, the Agricultural Bank shall cause its borrowers to undertake 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 such borrowers to replace or repair such goods.

Section 2.05. Except as shall be otherwise agreed between the Association and the Agricultural Bank, the Agricultural Bank shall cause all goods and services purchased with the proceeds of the Credit to be procured in accordance with the methods and procedures set forth in Section 3.02 and Schedule 3 to the Development Credit Agreement.

Section 2.06. Except as shall be otherwise agreed between the Association and the Agricultural Bank: (i) the Agricultural Bank shall cause all goods under Categories I, II, III and IV of the allocation of the proceeds of the Credit to be used in the territories of the Borrower exclusively for the purposes for which the Agricultural Bank makes such proceeds available to Agriculturists; and (ii) the Agricultural Bank shall cause title to all such goods to be obtained free and clear of encumbrances to third parties.

Section 2.07. The Agricultural Bank shall not, without consultation with the Association, contract any debt maturing more than one year after the date of its incurrence except debts contracted with the State Bank of Pakistan or debts contracted in the ordinary course of the Agricultural Bank's banking transactions.

Section 2.08. Except as the Association shall otherwise agree, the Agricultural Bank shall have its financial statements (balance sheet and income and expenses statements) audited annually by an independent accountant or accounting firm acceptable to the Association and shall promptly after their preparation and not later than four months after the close of the Agricultural Bank's fiscal year transmit to the Association certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

Section 2.09. The Agricultural Bank shall carry on its operations and conduct its affairs in accordance with sound business, economic and financial practices, under the supervision of experienced and competent management.

Section 2.10. The Agricultural Bank shall:

- (a) prepare, in cooperation with other agencies of the Borrower, guidelines and relevant appraisal data in the form of reference tables the basis of which shall be agreed upon between the Association and the Agricultural Bank; such tables

shall be applied, where appropriate, not later than March 31, 1970, to the making of loan appraisals by the Agricultural Bank;

- (b) in consultation with the Association, appoint by September 30, 1969, a person qualified and experienced in farm management, on terms and conditions satisfactory to the Association, to be responsible for preparing the reference tables referred to in paragraph (a) above and for training the Agricultural Bank staff responsible for appraising loans to Agriculturists.

Section 2.11. The Agricultural Bank shall, in consultation with the Association, establish not later than December 31, 1969, a technical service unit to collect and update information on agricultural methods and use of farm machinery, and to devise and effectuate plans to assure that the latest such information is put to use by borrowers from the Agricultural Bank.

Section 2.12. The Agricultural Bank shall set aside from operating revenues a reserve against bad debt losses in the amount recommended by the auditors specified in Section 4.07 of the Development Credit Agreement. The Agricultural Bank shall establish a Loans-Past-Due Account and shall transfer to such Account all loans on its books which are overdue by thirty (30) days or more.

Section 2.13. All funds accruing to the Agricultural Bank from the repayment of loans made out of the proceeds of the Credit shall be used by the Agricultural Bank exclusively for further lending and relending by the Agricultural Bank under its agricultural lending program, to the extent that such funds are not required for the service of the Borrower's loan to the Agricultural Bank referred to in Section 4.03 of the Development Credit Agreement.

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 Development Credit Agreement shall terminate pursuant to Section 10.04 of the General Conditions, the Association shall promptly notify the Agricultural Bank of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. This Agreement shall terminate and all the obligations of the Agricultural Bank and of the Association hereunder shall terminate if and when the entire principal amount of the Credit shall have been paid or caused to be paid by the

Borrower (or shall have been cancelled), together with service charges which shall have accrued on the Credit or on a date twenty-one years after the date of this Agreement, whichever shall be the 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 such notice or making such request. The addresses so specified are:

For the Agricultural Bank:

Agricultural Development Bank of Pakistan
Shafi Court
Mereweather Road
Post Box No. 3992
Karachi-4, Pakistan

Alternative address for cables:

Agrifin
Karachi

For the Association:

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

Alternative address for cables:

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 Agricultural Bank may be taken or executed by the Chairman of the Agricultural Bank or such other person or persons as the Agricultural Bank shall designate in writing.

Section 4.03. The Agricultural Bank shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Agricul-

tural Bank, take any action or execute any documents required or permitted to be taken or executed by the Agricultural Bank 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 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.

International Development Association:

By J. Burke KNAPP
Vice President

Agricultural Development Bank of Pakistan:

By A. R. BASHIR
Authorized Representative

SCHEDULE

AGRICULTURISTS' LOANS CRITERIA

The Agricultural Bank shall, in making loans out of the proceeds of the Credit, have regard to the following criteria in addition to adequate security:

(1) Except as the Association shall otherwise agree, the Agricultural Bank shall require Agriculturists receiving loans or portions of loans out of the proceeds of the Credit to contribute from their own resources to certain projects for which they are borrowing. With respect to West Pakistan borrowers, the minimum such contribution shall be equal to twenty per cent (20%) of each such loan or portion of a loan made out of the proceeds of the Credit allocated to Categories I, II and III of the allocation of the proceeds of the Credit, and no contribution shall be required for loans from Category IV. With respect to East Pakistan borrowers, the minimum such contribution shall be equal to ten per cent (10%) of each such loan or portion of a loan made out of the proceeds of the Credit allocated to Categories II and III, and no contribution shall be required for loans from Categories I and IV.

(2) The Agricultural Bank shall place emphasis on the financial return and benefit of each project and the individual need for farm mechanization.

(3) With regard to loans for the purchase of tractors:

(a) the farm project should have an adequate supply of water;

(b) the prospective borrower should cultivate at least 75 acres unless it can be clearly demonstrated that the tractor will, in addition, be used for farm custom work. Similarly, tractor loans may be granted to entrepreneurs whose main business is doing farm custom work with farm machinery;

(c) the prospective borrower should agree to purchase the implements considered necessary by an Agricultural Bank appraisal.
