

No. 10651

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Dacca Southwest Irrigation Engineering Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association and the Province of East Pakistan). Signed at Washington on 15 December 1969

Authentic text: English.

Registered by the International Development Association on 11 August 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet relatif à l'irrigation de Dacca-Sud-Ouest* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au Projet entre l'Association et la Province du Pakistan oriental). Signé à Washington le 15 décembre 1969

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 11 août 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated December 15, 1969 between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower and the Province of East Pakistan have requested the Association to assist in the financing of a Project to provide engineering services to the East Pakistan Water and Power Development Authority (hereinafter called EPWAPDA) in the Province of East Pakistan, described in Schedule 3 to this Agreement;

(B) any financing provided by the Association, amounting to about U.S.\$800,000, equivalent, would be refunded, if the Association so requests, out of any Credit by the Association which may later be granted to the Borrower for the construction of the irrigation facilities to be engineered under the Dacca Southwest Irrigation Scheme;

(C) the Province of East Pakistan will, with the Borrower's assistance, cause EPWAPDA to carry out the Project and the Borrower will, as part of such assistance, make available to the Province of East Pakistan the proceeds of the development credit provided herein; and

(D) the Association is willing, on the basis of the foregoing, to make a development credit available to the Borrower on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969² with the same force and effect as if they were fully set forth herein, subject,

¹ Came into force on 16 March 1970, upon notification by the Association to the Government of Pakistan.

² See p. 54 of this volume.

however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) Paragraph 5 of Section 2.01 is amended to read as follows: "5. The term 'Borrower' means the Islamic Republic of Pakistan, acting by its President."

(b) Sections 8.01 and 8.02 are amended by inserting the words "or the Project Agreement" after the word "the Development Credit Agreement".

Section 1.02. Wherever used in this Development Credit 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) "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,¹ providing for the carrying out of the Project and shall include any amendments thereof made by agreement between the parties thereto.

(c) "EPWAPDA" means the East Pakistan Water and Power Development Authority established under the East Pakistan Water and Power Development Authority Ordinance, 1958.

(d) "Consultants" means the consultants referred to in Section 2.01 (c) of the Project Agreement.

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 eight hundred thousand dollars (US\$800,000).

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, an subject to the rights of cancellation and suspen-

¹ See p. 54 of this volume.

sion 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, as shall be required to meet payments to be made) in currencies other than the currency of the Borrower for goods or services produced, or supplied from, outside the territories of the Borrower; and (ii) the equivalent of the c.i.f. cost of such amounts as shall have been paid for such goods produced outside the territories of the Borrower and included in Category II of said allocation of the proceeds of the Credit as shall be purchased from suppliers in the territories of the Borrower and invoiced and paid for in the currency of the Borrower.

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Credit Account may be made on account of payments made prior to the date of this Agreement but after November 1, 1969.

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 May 1 and November 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree the goods to be financed out of the proceeds of the Credit shall be procured on the basis of competitive bidding in accordance with sound practices.

Section 3.03. Except as the Association shall otherwise agree, the Borrower shall cause all goods and services 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, engineering 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. 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.

Section 4.03 (a) The Borrower shall cause the employment by EP-WAPDA of competent and experienced Consultants acceptable to the Association to an extent and under such contracts and terms of reference, as shall be satisfactory to the Association.

(b) The Borrower shall cooperate fully and cause its political subdivisions to cooperate fully with the Consultants in the performance of their service for the Project and make available to them all information relevant to the Project.

Section 4.04. (a) The Borrower and the Association shall cooperate fully to assure that the purpose 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 purpose 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 purpose 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. 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. If any event specified in Section 7.01 of the General Conditions 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 together with the service charge 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 purpose of Section 7.01 of the General Conditions, the following events are specified: (a) Before the Project Agreement shall have been terminated in accordance with its terms, the Borrower or any other authority having jurisdiction 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. (b) The Province shall have failed to perform any covenant or agreement of the Province under the Project Agreement and such default shall have continued for a period of 60 days after notice thereof shall have been given by the Association to the Province and the Borrower.

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, namely:

- (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) EPWAPDA shall have entered into the contract referred to in Section 2.01 (c) of the Project Agreement.

Section 6.02. The following is specified as 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: the execution and delivery of the Project Agreement on behalf of the Province have been duly authorized or ratified by all necessary governmental action.

Section 6.03. The date of February 15, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Section 4.04 of this Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date ten years after the date of the Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1971 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
U.S.A.

Alternative address for cables:

Indevas
Washington, D.C.

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 I

ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Engineering and other services	705,000
II. Equipment	15,000
III. Unallocated	<u>80,000</u>
TOTAL	<u>800,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to II shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit will be allocated 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 Categories.

2. If the estimate of the cost of the items included in any of the Categories I to 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

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>
November 1, 1972	50,000	November 1, 1976	50,000
May 1, 1973	50,000	May 1, 1977	50,000
November 1, 1973	50,000	November 1, 1977	50,000
May 1, 1974	50,000	May 1, 1978	50,000
November 1, 1974	50,000	November 1, 1978	50,000
May 1, 1975	50,000	May 1, 1979	50,000
November 1, 1975	50,000	November 1, 1979	50,000
May 1, 1976	50,000	May 1, 1980	50,000

SCHEDULE 3

DESCRIPTION OF PROJECT

The Project consists of engineering and other services required for the Dacca Southwest irrigation scheme, as follows:

1. Preparation of tender documents for the major works (earth embankments, pumping stations and navigation locks) for an initial portion covering about 175,000 acres (gross) of Polders I and IV, which have a total area of 400,000 acres (gross). The tender documents will include preliminary outline drawings and quantities as needed for construction and equipment contracts based on unit prices.
2. Final designs for construction of the same works.
3. Technical assistance in the pre-qualification of tenderers, in the analysis of tenders, and in the preparation of recommendations for award of construction and equipment contracts.
4. Provision of services in order to strengthen the staff assigned for preparation of an expanded feasibility study, already under way, with particular reference to those aspects dealing with (a) project organization for provision of agricultural inputs and (b) returns to and repayment capacities of the participating farmers.

The Project is expected to be completed by December, 1970.

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 December 15, 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 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 eight hundred thousand dollars (\$800,000), 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;

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 Conditions² (as so defined) shall have the respective meaning therein set forth.

¹ See p. 38 of this volume.

² See above.

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, engineering, 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 relend the proceeds of the Credit to EPWAPDA on terms and conditions satisfactory to the Association.

(c) The Province shall cause EPWAPDA to employ qualified and experienced Consultants acceptable to the Association to assist in carrying out the Project on the basis of a contract with such terms and conditions, including terms of reference, as shall have been approved by the Association.

(d) 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.

(e) The Province shall cause EPWAPDA not to amend or waive any of the terms and conditions of employment of the Consultants with respect to the Project, or grant any material extension of time or any approval of subcontracts or modifications thereof 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 a 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 enable the Association's representative to inspect the Project 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 services and the operation 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. The Province shall cause EPWAPDA to carry out additional topographic surveys as needed for the detailed planning of on-farm works, as required to carry out the Project.

Article III

EFFECTIVE DATE; TERMINATION

Section 3.01. This Agreement shall come into force and effect on the date when the Development Credit Agreement shall become effective as provided therein.

Section 3.02. This Agreement 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 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 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

Alternative address for cables:

Indevas
Washington, D.C.

For the Province:

Chief Secretary
Government of East Pakistan
Dacca, Pakistan

Alternative address for cables:

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, acting through their representatives thereunto duly authorized, have caused this Project 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.

International Development Association:

By J. BURKE KNAPP
Vice President

Province of East Pakistan:

By A. R. BASHIR
Authorized Representative