

No. 12196

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement — *Industrial Imports Program* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 4 October 1972

Authentic text: English.

Registered by the International Development Association on 27 December 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Programme d'importation de biens pour l'industrie* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 4 octobre 1972

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 27 décembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated October 4, 1972, between ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower is embarking on a comprehensive economic and financial program for improving the mobilization of resources, both domestic and foreign, for economic development and their efficient use therefor, and to that end has introduced measures to reform the exchange system and to liberalize imports;

WHEREAS the Borrower has requested the Association to grant financial assistance for the purpose of supporting the successful implementation of such economic and financial program by providing foreign exchange financing of essential imports required therefor;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to make a development credit available to the Borrower for the aforesaid purpose 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 Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, 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) Section 5.01 is deleted;
- (b) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h);
- (c) Paragraph 5 of Section 2.01 is amended to read as follows:

“5. The term ‘Borrower’ means Islamic Republic of Pakistan, acting by its President.”

Section 1.02. Wherever 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) “I.T.C. Heading Number” means the Import Trade Control Heading Number based on the Brussels Trade Nomenclature, as used in the new Import Trade Control Schedule, dated July 19, 1971, of the Borrower.

¹ Came into force on 11 December 1972, upon notification by the Association to the Government of Pakistan.

² See p. 162 of this volume.

(b) "TCP" means the Trading Corporation of Pakistan, a government owned, private limited company registered under the Companies Act of the Borrower.

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fifty million dollars (\$50,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, goods and services required for the Project to be procured through the TCP or the Ministry of Agriculture of the Borrower and to be financed out of the proceeds of the Credit shall be procured on the basis of international competition and, in respect of contracts estimated to cost \$100,000 equivalent or more, in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be September 30, 1973 or such other date as shall be agreed between the Borrower and the Association.

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 in semi-annual installments payable on each February 15 and August 15, commencing August 15, 1982 and ending February 15, 2022, each installment to and including the installment payable on February 15, 1992 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.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project, or cause it to be carried out, with due diligence and efficiency.

(b) The Borrower shall: (i) promptly upon receipt of appropriate applications issue, or cause to be issued, such import licenses as shall be required to carry out the Project; and (ii) make available, or cause to be made available, promptly as needed all foreign exchange which shall be required to carry out the Project.

Section 3.02. The Borrower shall cause the imported goods to be financed out of the proceeds of the Credit to be insured, or shall cause adequate provision to be made for the insurance thereof, against hazards incident to the 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 beneficiary of such insurance to replace or repair such goods.

Section 3.03. The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods financed out of the proceeds of the Credit; (ii) shall enable the Association's accredited representatives to inspect any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods financed out of such proceeds.

Section 3.04. The Borrower shall cause the proceeds of the Credit to be used exclusively for the Project.

Article IV. OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Article V. CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the use of the proceeds of the Credit, the economic and financial program of the Borrower referred to in the Preamble to this Agreement and its implementation and other matters relating to the purpose of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the use of the proceeds of the Credit and the economic and financial program of the Borrower referred to in the Preamble to this Agreement and its implementation.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the

accomplishment of the purpose of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. 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.

Article VI. TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII. REMEDIES OF THE ASSOCIATION

Section 7.01. 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 immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions the following additional event is specified, namely: that the Association, shall, at any time, have determined after reviewing in consultation with the Borrower the progress being made by the Borrower in the implementation of its exchange reform, import liberalization and related financial measures to promote economic development, that the purpose for which the Credit was granted is not likely to be achieved.

Article VIII. TERMINATION

Section 8.01. The date December 5, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated for the purposes of Section 9.03 of the General Conditions.

Section 9.02. 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

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.

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 SULTAN M. KHAN

Authorized Representative,
for and on behalf of the President

International Development Association:

By I. P. M. CARGILL

Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the imported items to be financed out of the proceeds of the Credit:

<i>Serial Number</i>	<i>I.T.C. Heading Number</i>	<i>Name of Article</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>
I.	13,32 (excl. heading 32.01A)	Raw vegetable materials and extracts for use in dyeing or tanning	
II.	15 (15.07 CDF only)	Linseed oil, coconut oil and palm oil	
III.	25, 26, 27, 28, 29, 38 (excl. headings 28.05B, 28.12B, 28.46A, 28.56A)	Salt, sulphur and chemicals	
IV.	31	Fertilizer (compound or phosphatic)	

<i>Serial Number</i>	<i>I.T.C. Heading Number</i>	<i>Name of Article</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>
V.	35,39	Glues, resins and plastic materials	
VI.	40 (excl. headings 40.11,40.13)	Rubber, synthetic rubber and factice	
VII.	41	Raw hides and skins	
VIII.	44	Industrial wood	
IX.	47, 48 (excl. headings 48.14, 48.17 and 48.18)	Paper and paper board, pulp and paper making materials	
X.	50, 51, 53, 56, 57 and 59 (excl. heading 56.06)	Silk, silk yarn, wool, man-made fibres, animal hair, vegetable textile materials, wadding and felt	
XI.	69 (excl. headings 69.04, 69.05, 69.07 to 69.14)	Fire brick, refractory materials and graphite crucibles	
XII.	70	Industrial glass sheets and plates	
XIII.	73 (excl. headings 73.16, 73.38)	Iron and steel	
XIV.	74, 75, 76, 77, 78, 79, 80, 81, 83 (excl. headings 74.17 and 74.18, 83.04, 83.06, 83.10, 83.12 and 83.14)	Copper, nickel, aluminum, lead, magnesium and beryllium, zinc, tin and other base metals	
XV.	82 (excl. headings 82.08, 82.13 and 82.14)	Tools and implements	
XVI.	84	Boilers, machinery and mechanical appliances	
XVII.	85 (excl. headings 85.14, 85.15 and 85.16)	Electrical machinery and equipment	
XVIII.	87 (headings 87.02B and C, 87.04, 87.06 for vehicles falling within headings 87.02B and C, 87.07 and 87.14 all other headings excluded)	Commercial and industrial vehicles (parts for assembly)	
TOTAL			<u>50,000,000</u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower;

- (b) expenditures prior to July 1, 1972;
- (c) expenditures under invoices for groups of items costing the aggregate of \$5,000 equivalent or less;
- (d) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the provision by the Borrower, during the period from July 1, 1972 to June 30, 1973 of foreign exchange required for the import into the territories of the Borrower of industrial raw and semi-finished materials, components, spare parts and miscellaneous items of manufacturing equipment and fertilizers, for the purpose of supporting the successful implementation of the economic and financial program referred to in the Preamble to this Agreement.

SCHEDULE 3

PROCUREMENT

1. With respect to any contract estimated to cost the equivalent of \$100,000 or more:
 - (a) bids shall be obtained from not less than three of the major suppliers from member countries of the Bank and Switzerland; and
 - (b) the contract shall be awarded to the bidder whose bid is the lowest evaluated bid.

2. The Borrower shall furnish to the Association, promptly after execution of the contract and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract; (i) the details of the bids sought, (ii) the names of the firms invited to submit bids, (iii) the summary of the bids submitted and, in the event the lowest bid is not accepted, the analysis thereof and the reasons for choosing the successful bidder, and (iv) two conformed copies of such contract.

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.]