

No. 12589

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
PAKISTAN, SWEDEN and PROVINCE
OF EAST PAKISTAN**

Joint Financing Agreement—*Tubewells Project—East Pakistan* (with annexes). Signed at Washington on 30 June 1970

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT, PAKISTAN,
SUÈDE et PROVINCE DU PAKISTAN ORIENTAL**

Contrat de financement conjoint — *Projet relatif à l'installation de puits tubulaires – Pakistan oriental* (avec annexes). Signé à Washington le 30 juin 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 14 juin 1973.

JOINT FINANCING AGREEMENT¹

AGREEMENT, dated June 30, 1970, between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called Pakistan), the KINGDOM OF SWEDEN (hereinafter called Sweden), INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and the PROVINCE OF EAST PAKISTAN, acting by its Governor (hereinafter called the Province).

WHEREAS (A) by a Credit Agreement with Pakistan of even date herewith² Sweden has agreed to make available to Pakistan, for relending to the Province, a credit in a principal amount of thirty-one million five hundred thousand Swedish Kronor (SKr 31,500,000), equivalent at present parity rate as nearly as possible to six million dollars (\$6,000,000), for the purpose of assisting in the financing of a project for irrigation by tubewells in the northwest of the Province, as such project is described in Schedule 2 to this Agreement;

(B) by a Development Credit Agreement with the Association of even date herewith³ the Association has agreed to make available to Pakistan, for relending to the Province, a credit in a principal amount in various currencies equivalent to fourteen million dollars (\$14,000,000), for the purpose aforementioned;

(C) the parties hereto deem it to be in their mutual interest that the allocation, withdrawal and use of the proceeds of such credits and the execution of the project to be financed thereby, as well as other matters relating thereto, be regulated as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. DEFINITIONS

Section 1.01. Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) The term "Swedish Credit Agreement" means the agreement referred to in the recital (A) to this Agreement, as from time to time amended.

(b) The term "IDA Credit Agreement" means the agreement referred to in the recital (B) to this Agreement, as from time to time amended.

(c) The term "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

(d) The term "IDA Credit" means the credit provided for in the IDA Credit Agreement.

(e) The terms "Swedish Credit Account" and "IDA Credit Account" mean the respective accounts established under the Swedish Credit Agreement and the IDA Credit Agreement.

(f) The term "Project" means the Project described in Schedule 2 to this Agreement.

(g) The term "goods" means equipment, materials, supplies and services required for the Project.

¹ Came into force on 28 October 1970, upon notification by the Association to the Parties concerned.

² See p. 173 of this volume.

³ See p. 121 of this volume.

(h) The terms "Province", "Project Area", "EPADC", "TIP" and "Irrigation Group" shall have the respective meanings set forth in the IDA Credit Agreement, and the several terms defined in the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969¹ shall have the respective meanings therein set forth.

Article II. ALLOCATION AND WITHDRAWAL OF PROCEEDS OF SWEDISH CREDIT AND IDA CREDIT

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the IDA Credit Agreement, and subject to the provisions of Section 2.02 (c) of the IDA Credit Agreement, the amount of the Swedish Credit and the IDA Credit may be withdrawn from the Swedish Credit Account and the IDA Credit Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and the IDA 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 among the parties to this Agreement.

Section 2.02. (a) Pakistan shall be entitled to withdraw from the Swedish Credit Account and from the IDA Credit Account such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for the reasonable cost of goods required for the Project.

(b) Withdrawals from the Swedish Credit Account and from the IDA Credit Account under Categories I, II and III of the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 1 to this Agreement may be made on account of expenditures in the currency of Pakistan, or for goods produced in, or services supplied from, the territories of Pakistan.

(c) Withdrawals from the Swedish Credit Account and from the IDA Credit Account not in excess of an overall amount equivalent to one hundred and fifty thousand dollars (\$150,000) may be made on account of expenditures under Category IV of the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 1 to this Agreement made prior to the date of this Agreement but after May 15, 1970.

Section 2.03. (a) When Pakistan shall desire to withdraw any amount of the Swedish Credit and the IDA Credit, Pakistan shall deliver to the Association a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter provided shall, except as the Association and Pakistan shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) Pakistan shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that Pakistan is entitled to withdraw from the Swedish Credit Account and the IDA Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

¹ United Nations, *Treaty Series*, vol. 703, p. 244.

Section 2.04. Each such application by Pakistan for withdrawal shall be deemed to be a request to withdraw funds from the Swedish Credit Account and from the IDA Credit Account and the funds to be withdrawn pursuant to such application shall be apportioned by the Association, as nearly as practicable in the circumstances, between the Swedish Credit and the IDA Credit in the ratio of 3:7, or such other ratio as shall be agreed between Sweden and the Association.

Section 2.05. (a) When the Association shall have approved an application by Pakistan for withdrawal, the Association shall:

- (i) pay the amount, if any, which Pakistan is entitled to withdraw from the IDA Credit Account to or on the order of Pakistan in accordance with the provisions of the IDA Credit Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and the IDA Credit Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the IDA Credit Account in the amount set forth in such notice, and that the portion to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank.

(b) Upon receipt of such notice of the Association, the Sveriges Riksbank, shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice.

Section 2.06. If at any time the amount of the Swedish Credit or of the IDA Credit shall have been fully withdrawn or cancelled, applications by Pakistan for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the IDA Credit Account or the Swedish Credit Account only and the provisions of this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.07. Upon Pakistan's request and upon such terms as shall be agreed between the Association and Pakistan, the Association may enter into special commitments to pay amounts to Pakistan or others in respect of the cost of goods required for the Project. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank, constitute an obligation on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.05 and 2.06, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.04 of this Agreement.

Section 2.08. If for the purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish Kronor, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish Kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, such rate as shall be reasonably determined by the Sveriges Riksbank.

Section 2.09. No withdrawals shall be made from the Swedish Credit Account or from the IDA Credit Account with respect to the construction of any tubewell under Category III of the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 1 to this Agreement until there has been submitted to the Associa-

tion evidence satisfactory to the Association that said tubewell has been constructed on a site selected in conformity with the system set forth in Schedule 4 to this Agreement, subject to any amendments thereof which may be agreed upon by the Province and the Association at any time.

Article III. THE PROJECT; USE OF PROCEEDS OF THE SWEDISH CREDIT AND THE IDA CREDIT

Section 3.01. (a) The Province shall apply the proceeds of the Swedish Credit and the IDA Credit to expenditures on the Project in accordance with the provisions of this Agreement.

(b) Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Swedish Credit and the IDA Credit 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Province and the Association, (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association, and (iii) Pakistan shall promptly issue all licenses or permits required for the importation of such goods and services into its territories.

Article IV. PARTICULAR COVENANTS OF THE PROVINCE

Section 4.01. (a) The Province shall carry out the Project and cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering and agricultural practices.

(b) The Province shall provide, promptly as needed, all goods and all funds, facilities, services and other resources required for carrying out, operating and maintaining the Project.

Section 4.02. (a) Without restriction or limitation upon the provisions of Section 4.01 of this Agreement, the Province shall establish or cause to be established a special revolving fund (hereinafter called the Project Construction Revolving Fund) to be used exclusively to make payments for the cost of goods and services required to carry out the Parts of the Project to be carried out by EPADC. The Province shall deposit or cause to be deposited in the Project Construction Revolving Fund all amounts as shall be, from time to time, required on the part of the Province to permit the payments heretofore specified to be made, promptly as needed, out of the Project Construction Revolving Fund. The Province shall maintain or cause to be maintained records adequate to reflect, in accordance with consistently maintained sound accounting practices, the operations and financial condition of the Project Construction Revolving Fund.

(b) Without restriction or limitation upon the provisions of paragraph *(a)* of this Section, the Province shall make or cause to be made an initial deposit in the Project Construction Revolving Fund in the amount of four million eight hundred thousand Rupees (Rs. 4,800,000) and thereafter shall on a quarterly basis make or cause to be made deposits in the Project Construction Revolving Fund in such amounts as shall be sufficient on its part to cover the forthcoming three months of such cost as estimated on the basis of the work schedules relating thereto.

(c) The Province shall employ or cause to be employed by EPADC, a qualified and experienced Senior Officer in charge of construction under the Project who shall have power to operate the Project Construction Revolving Fund and shall have such other

powers and responsibilities as shall be mutually satisfactory to the Association and EPADC.

Section 4.03. (a) Without restriction or limitation upon the provisions of Section 4.01 or 4.02 of this Agreement, the Province shall establish or cause to be established a special revolving fund (hereinafter called the Project Agriculture Revolving Fund) to be used exclusively to make payments for the cost of goods and services required to carry out the Parts of the Project to be carried out by the Province's Department of Agriculture. The Province shall deposit or cause to be deposited in the Project Agriculture Revolving Fund all amounts as shall be, from time to time, required on the part of the Province to permit the payments heretofore specified to be made, promptly as needed, out of the Project Agriculture Revolving Fund. The Province shall maintain or cause to be maintained records adequate to reflect, in accordance with consistently maintained sound accounting practices, the operations and financial condition of the Project Agriculture Revolving Fund.

(b) Without restriction or limitation upon the provisions of paragraph (a) of this Section, the Province shall make or cause to be made an initial deposit in the Project Agriculture Revolving Fund in the amount of four hundred and eighty thousand Rupees (Rs. 480,000) and thereafter shall on a quarterly basis make or cause to be made deposits in the Project Agriculture Revolving Fund in such amounts as shall be sufficient on its part to cover the forthcoming three months of such cost as estimated on the basis of the work schedules relating thereto.

(c) The Province shall cause its Department of Agriculture to employ a qualified and experienced Senior Officer in charge of agricultural development under the Project who shall have power to operate the Project Agriculture Revolving Fund and shall have such other powers and responsibilities as shall be mutually satisfactory to the Association and said Department of Agriculture.

Section 4.04. The Province shall take all such measures as may be necessary or desirable to ensure full and efficient co-ordination, both at Provincial and District level, between the departments, agencies and Irrigation Groups concerned with implementation of the Project.

Section 4.05. The Province shall cause EPADC to employ engineering and agricultural consultants acceptable to the Association, and on terms and conditions satisfactory to the Association, to provide services under Part C of the Project.

Section 4.06. The Province shall cause EPADC to enlarge and reorganize its Tubewell Division under the Senior Officer in charge of construction under the Project, the foregoing reorganization to include the establishment within said Division of a Project Control and Record Section which shall be responsible for the development and implementation of a suitable project control system, and for the purposes aforesaid shall cause EPADC to seek and give due consideration to the views of the Association.

Section 4.07. The Province shall take all necessary action to ensure that the land or rights in respect to land required for the execution and operation of the Project shall be acquired as and when needed for the carrying out of the Project, under terms and conditions which ensure that the landowners whose land is thus affected receive fair and prompt compensation.

Section 4.08. (a) The Province shall cause all works and facilities included in the Project to be at all times operated and adequately maintained, repaired and serviced in accordance with sound engineering and agricultural practices and standards and shall cause all irrigation, electric power works and other facilities not included in the Project

but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards. The Province shall consult with the Association prior to transferring responsibility for the maintenance and repair of any of the works and facilities included in the Project to any agency or organization other than EPADC.

(b) The Province shall cause EPADC to make regular measurements of water quality and discharge and depth to groundwater under both pumping and static conditions at each tubewell included in the Project.

(c) The Province shall cause EPADC, in allocating its resources for construction and equipment of workshops, to give priority, commensurate with the progress of implementation of the Project and on a basis satisfactory to the Association, to workshops in the Project Area.

(d) The Province shall ensure that (i) EPADC will, promptly upon the preparation thereof, keep the Association informed of full particulars of any plans which it has or may hereafter have for tubewell construction to be carried out during the five-year period following the date of this Agreement, and exchange views with the Association thereon; and (ii) any tubewell construction not under the Project will not delay or otherwise adversely affect the prompt and efficient completion of the Project works.

Section 4.09. The Province shall take all such action as shall be necessary to improve and expand agricultural services in the Project Area, and to that end shall prepare and submit to the Association, within six months after the date of this Agreement, a detailed agricultural development programme for the Project Area, to be agreed between the Province and the Association, and shall, promptly thereafter, consult with the Association on appropriate measures for implementing said programme and on staff requirements.

Section 4.10. The Province shall make arrangements satisfactory to the Association: (i) to ensure that adequate funds are available for farm credit in the Project Area; and (ii) to distribute in the Project Area, promptly as needed, seeds, fertilizers and pesticides.

Section 4.11. The Province shall cause EPADC to introduce an improved well site selection system as set forth in Schedule 4 to this Agreement, which system, subject to any amendments thereof which may be agreed upon by the Province and the Association at any time, shall be applicable to all tubewells to be constructed under the Project.

Section 4.12. (a) The Province shall cause EPADC, with the assistance of the consultants referred to in Section 4.05 of this Agreement, and in collaboration with TIP personnel and the members of the Irrigation Group directly concerned, to design a distribution system for each Project tubewell to convey water to each parcel of land to be irrigated by said tubewell, and, in collaboration also with the Province's Department of Agriculture, to provide guidance to said Irrigation Group in the construction of said distribution system.

(b) The Province shall ensure that EPADC will not commence to drill any tubewell under the Project unless and until (i) all necessary action has been taken under Section 4.07 of this Agreement for the acquisition of the land or rights in respect to land required for said tubewell, (ii) the distribution system referred to in paragraph (a) hereof for said tubewell has been designed and copies of such design have been supplied to TIP personnel and the members of the Irrigation Group directly concerned, and (iii) the members of the Irrigation Group directly concerned are obliged to construct said distri-

bution system within six months after completion of construction of said tubewell, and that in the event of their failure to do so, EPADC has full power and authority, and has undertaken, to construct said distribution system for and on behalf of said Irrigation Group within twelve months after completion of construction of said tubewell.

Section 4.13. (a) The Province shall prepare and submit to the Association, within six months after the date of this Agreement, a programme satisfactory to the Association for the training of personnel of the departments or agencies concerned with implementation of the Project in matters pertaining thereto, including identification of tubewell sites, operation and maintenance of Project works and, in the case of agricultural staff, field irrigation techniques and crop production under irrigation.

(b) The Province shall provide adequate facilities for the carrying out of the training programme referred to in paragraph (a) hereof.

Section 4.14. (a) The Province shall make arrangements or cause arrangements to be made to ensure the collection of fees for the rental in the Project Area of each tubewell and to ensure that such fees shall be on a graduated scale rising annually from Rs. 300 per annum per tubewell in the first year of operation to a level sufficient to ensure recovery (i) in the sixth year of operation, and thereafter, of the full annual costs of operation and maintenance of the tubewells and (ii) in addition, in the tenth year of operation, and thereafter, of the average annual costs of replacements of engines and pumps.

(b) The Province shall make arrangements or cause arrangements to be made, pursuant to a study of farm family incomes and conditions in the Project Area to be carried out by the Project consultants, providing for the recovery from farmers in the Project Area, on terms and conditions mutually satisfactory to the Province and the Association, of as much as practicable of the capital costs of the Project.

Section 4.15. (a) Upon request from time to time by the Association, the Province shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(b) The Province shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the Swedish Credit and the IDA Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to show the results achieved by irrigation of the land included in the Project; shall enable Sweden's and 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 Sweden and to the Association all such information as Sweden or the Association shall reasonably request concerning the expenditure of the proceeds of the Swedish Credit and the IDA Credit, the Project, the Project Construction Revolving Fund and the Project Agriculture Revolving Fund, the goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit, and the operations and financial condition with respect to the Project of EPADC and the departments and agencies of the Province responsible for the carrying out of the Project or any part thereof.

(c) The Province shall have the financial statements of EPADC and the departments and agencies of the Province responsible for the carrying out of the Project or any part thereof and of the Project Construction Revolving Fund and the Project Agriculture Revolving Fund audited annually by the Comptroller and Auditor-General of Pakistan, and shall, promptly after their preparation and not later than six months after the close of

the fiscal year to which they apply, transmit to the Association certified copies of such statements and a signed copy of the auditors' report.

Section 4.16. (a) The Province shall cooperate fully with Sweden and with the Association to ensure that the purposes of the Swedish Credit and the IDA Credit will be accomplished. To that end, the Province shall furnish to Sweden and to the Association all such information as either of them shall reasonably request.

(b) The Province, Sweden and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Swedish Credit and the IDA Credit. The Province shall promptly inform Sweden and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit or the IDA Credit or 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 4.17. (a) Except as shall be otherwise agreed by the Province and the Association: (i) the Province shall cause all goods and services financed out of the proceeds of the Swedish Credit or the IDA Credit to be used in the territories of the Borrower exclusively in the construction and subsequent operation of the Project, and (ii) the Province shall cause title to all such goods to be obtained free and clear of all encumbrances.

(b) Goods, the cost of which is financed out of the proceeds of the Swedish Credit or the IDA Credit, shall not be sold or otherwise disposed of without the prior consent of the Association.

Section 4.18. Except as the Province and the Association shall otherwise agree, the Province undertakes to have the imported goods to be financed out of the proceeds of the Swedish Credit and the IDA Credit insured 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 useable by the Province to replace or repair such goods.

Section 4.19. The Province shall pay or cause to be paid all taxes, if any, imposed under the laws of the Borrower or laws in effect in the territories of the Borrower or in connection with the execution, delivery or registration of this Agreement, or the payment of principal and service charges thereunder.

Article V. PARTICULAR COVENANTS OF PAKISTAN

Section 5.01. (a) Pakistan, Sweden and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Swedish Credit and the IDA Credit and the maintenance of the service thereof. Pakistan shall promptly inform Sweden and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the IDA Credit or the maintenance of the service thereof.

(b) Pakistan shall afford all reasonable opportunity for accredited representatives of Sweden and the Association to visit any part of the territories of Pakistan for purposes related to the Swedish Credit and the IDA Credit.

Section 5.02. Without limitation or restriction upon the provisions of Section 4.01 of the IDA Credit Agreement, Pakistan specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Province will be

inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Association, promptly to provide the Province or cause the Province to be provided with such funds as are needed to meet such expenditures.

Article VI. PARTICULAR COVENANT OF PAKISTAN AND THE PROVINCE

Section 6.01. Without limitation or restriction upon any of the obligations of Pakistan or of the Province elsewhere in this Agreement set forth, Pakistan and the Province shall (i) grant, promptly as needed, all licenses, foreign exchange permits, approvals and authorities necessary for the importation into Pakistan and the Province by any Pakistani or foreign contractor who has been awarded a tubewell construction contract under Category III of Schedule 1 to this Agreement of any drilling rigs, ancillary equipment and spare parts which such contractor shall require to import for the purpose of carrying out such contract, and (ii) ensure the inclusion in any contract referred to in (i) above which has been awarded to a Pakistani contractor of a provision, subject to the need therefor in such case having been certified by the consultants referred to in Section 4.05 of this Agreement, whereby said contractor will be entitled to receive an advance payment in foreign exchange of up to 15% of the contract price, to be utilized for the sole purpose of acquiring imported drilling rigs, ancillary equipment and spare parts required to carry out such contract.

Article VII. MISCELLANEOUS

Section 7.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement contemplated by this Agreement shall be made in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been 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 such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For Pakistan:

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

Cable address:

Economic
Islamabad

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden
for purposes of this Agreement:

Sveriges Riksbank
Stockholm 2

Cable address:

Riksbanken
Stockholm

(b) for all other purposes:

Swedish International Development Authority
10525

Stockholm 1

Cable address:

SIDA
Stockholm

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 7.02. 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 under this Agreement, and the authenticated specimen signature of each such person.

Section 7.03. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated as the representative of Pakistan to take any action or execute any documents required or permitted to be taken or executed by Pakistan under this Agreement.

Section 7.04. This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

Section 7.05. (a) Except as shall otherwise be agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the IDA Credit Agreement shall both be in effect.

(b) If the IDA Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other parties of such termination.

Section 7.06. This Agreement and all obligations of the parties thereto thereunder shall terminate (i) on the date upon which both the Swedish Credit Agreement and the IDA Credit Agreement shall have terminated or (ii) on June 30, 1995, whichever is the earlier.

Section 7.07. Upon termination of the Swedish Credit Agreement, or the IDA Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the IDA Credit Agreement or the Swedish Credit Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

Section 7.08. Unless otherwise notified to Pakistan, the Association and the Province by Sweden, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

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

Kingdom of Sweden:

By HUBERT DE BESCHE
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

Province of East Pakistan:

By A. R. BASHIR
Authorized Representative

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE SWEDISH CREDIT AND OF THE IDA CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Swedish Credit and of the IDA Credit, the allocation of amounts of such proceeds to each category and the percentage of eligible expenditures so to be financed in each category:

Category	Amount of the Credit Allocated (Expressed in Dollar Equivalent)		% of Expenditures to be Financed
	Sweden	IDA	
I. Pumps, engines and spares	2,700,000	6,300,000	100% of total expenditures
II. Vehicles, motorcycles, miscellaneous equipment and supplies for field trial farms	90,000	210,000	100% of total expenditures

Category	Amount of the Credit Allocated (Expressed in Dollar Equivalent)		% of Expenditures to be Financed
	Sweden	IDA	
III. Well construction and improved distribution systems	1,500,000	3,500,000	31% of total expenditures
IV. Consulting services	660,000	1,540,000	100% of foreign expenditures
V. Unallocated	1,050,000	2,450,000	
TOTAL	<u>6,000,000</u>	<u>14,000,000</u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any member of the Bank (other than Pakistan) or of Switzerland;

(b) The term "local expenditures" means expenditures in the currency of Pakistan, or for goods produced in, or services supplied from, the territories of Pakistan;

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

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

- (a) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Category IV on account of expenditures incurred after May 15, 1970 in an aggregate amount not exceeding \$150,000 equivalent; and
- (b) payments for taxes imposed by Pakistan or any of its political subdivisions on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Swedish Credit or of the IDA Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the proceeds of the Swedish Credit and of the IDA Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the proceeds of the Swedish Credit and of the IDA Credit then allocated to such Category and no longer required therefor will be reallocated by the Association, by increasing correspondingly the unallocated amount of the proceeds of the Swedish Credit and of the IDA Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of Pakistan, to such Category from the unallocated amount of the proceeds of the Swedish Credit and of the IDA Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table set out in paragraph 1 above, if the estimate of expenditures under any Category shall increase and no proceeds of the Swedish Credit and of the IDA Credit are available for reallocation to such Category, the Association may, by notice to Pakistan, adjust the percentage then applicable to such expenditures in order that further withdrawals under any such Category may continue until all expenditures thereunder shall have been made.

6. Notwithstanding the percentage set forth in the third column of the table set out in paragraph 1 above with reference to Category III, if the aggregate amount of the proceeds of the

Swedish Credit and of the IDA Credit allocated to all other Categories shall exceed the requirements therefor, then the Association may, at the request of Pakistan, reallocate such excess by increasing correspondingly the amount allocated to Category III and by adjusting said percentage having reference thereto.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the provision of irrigation on about 180,000 acres in seven Districts in the northwest of East Pakistan by tubewells, together with technical assistance and essential improvements in supporting services for agricultural development in the areas irrigated from the wells, and is comprised of the following parts:

Part A. The construction of the principal works being:

- (i) about 3,000 2-cusec wells each serving about 60 acres;
- (ii) an earth-channel distribution system for each well, to be constructed by the Irrigation Group;
- (iii) 3 field trial and demonstration farms of about 50 acres each;
- (iv) equipping of said 3 farms with tubewells and improved distribution systems; and
- (v) a small number of experimental tubewells of capacities other than 2-cusecs, together with improved distribution systems.

Part B. The provision of vehicles; motorcycles; farm implements; workshop, survey and laboratory equipment; technical books and training materials; and planting materials and other farm supplies for field trial farms.

Part C. (i) The employment of engineering consultants to, *inter alia*:

- prepare specifications and contract documents;
- evaluate contractors' qualifications and bids;
- supervise well siting and construction;
- certify contractors' payment certificates;
- train EPADC personnel in all engineering aspects of the Project;
- develop designs and specifications for experimental wells and distribution systems;
- execute jointly with the agricultural consultants a study, as required, of the feasibility of further groundwater development.

The employment of agricultural consultants to, *inter alia*:

- define an agricultural development program for the Project Area;
- assist in definition of detailed criteria for well site selection;
- assist in site selection and establishment of field trial farms;
- train project staff in all agricultural aspects of the Project;
- assist in establishment of effective agricultural extension services in the Project Area;
- execute a study of the repayment capacity of farmers in the Project Area;
- execute jointly with the engineering consultants a study, as required, of the feasibility of further groundwater development.

(ii) the guidance and supervision of the farmers of the Project Area in selecting suitable sites for the tubewells, in organizing themselves in Irrigation Groups, in adopting suitable

farm irrigation and cultivation techniques, in establishing satisfactory cropping and rotation patterns and in using fertilizers and improved seeds.

The Project is expected to be completed by June 30 1974.

SCHEDULE 3

PROCUREMENT

1. Goods and services in Categories I, II and III (other than those required for the construction of the improved distribution systems) of the allocation of the proceeds of the Swedish Credit and of the IDA Credit, shall, wherever possible, be grouped together in amounts sufficient to attract international competitive bidding. Whenever the estimated cost of such goods and services, severally or as so grouped, exceeds the equivalent of \$10,000, they shall be procured on the basis of international competitive bidding pursuant to Section 3.01 (b) of this Joint Financing Agreement.
2. The machinery, equipment, vehicles and materials in Categories I and II of such allocation of the proceeds of the Credits shall be procured directly by EPADC and the Province's Department of Agriculture, in a manner to be agreed between them. For the purpose of awarding contracts for the purchase of such machinery, equipment, vehicles and materials, bids shall be compared on the following basis:
 - (i) bids submitted by foreign manufacturers shall be compared on the basis of a bid price which shall consist of the c.i.f. landed price expressed in Rupees and the local agents' commissions, if any; the lowest such bid shall be deemed to be the lowest foreign bid; if no bids are submitted by Pakistani manufacturers, the lowest foreign bid shall be considered the lowest evaluated bid, if other terms and conditions are satisfactory;
 - (ii) bids submitted by Pakistani manufacturers shall be compared on the basis of the ex-factory price expressed in Rupees, and the lowest such bid shall be deemed to be the lowest Pakistani bid; if no bids are submitted by foreign manufacturers, the lowest Pakistani bid shall be considered the lowest evaluated bid, if other terms and conditions are satisfactory;
 - (iii) if bids have been submitted by both foreign and Pakistani manufacturers, the lowest foreign bid shall be compared with the lowest Pakistani bid on the basis of a price for the lowest foreign bid consisting of the c.i.f. landed price plus 15% of such price or the rate of customs duties and similar taxes which applies to non-exempt purchasers in the territories of the Borrower, whichever is the lower, plus the local agents' commissions, if any, and on the basis of the ex-factory price of the lowest Pakistani bid; if the price of the lowest Pakistani bid is equal to or lower than the price of the lowest foreign bid, and other terms and conditions are satisfactory, then the lowest Pakistani bid shall be considered the lowest evaluated bid.
3. With respect to goods and services in Category III of such allocation of the proceeds of the Credits, the Province shall cause the well construction to be carried out by prequalified contractors on the basis of international competitive bidding, and the construction of the improved distribution systems to be carried out by local contractors on the basis of local competitive bidding.
4. The procedure for prequalification of contractors and bidding on the well construction contracts shall be as follows:
 - (a) Following international advertisement of the general scope and nature of the contracts to be awarded, statements of experience, equipment and financial responsibility shall be received by EPADC from all interested contractors. These shall be evaluated by EPADC, assisted by the Project consultants, and the capacity of each firm or association of firms shall be established in terms of ability to complete, within a period of four years, one or more contract units of 300 wells.
 - (b) Prequalified contractors shall then be invited to bid on units of 300 wells or multiples thereof, up to the limit of their capacity as established in the prequalification process.

5. With respect to every contract or letter of intent for civil works in Category III of such allocation of the proceeds of the Credits and involving expenditures expected to exceed the equivalent of \$100,000, the following procedure shall be followed:

(a) The form of advertisement inviting indications of interest from qualified well-drilling contractors, and a description of the advertising procedures, together with details of the prequalification statements to be requested from interested contractors, shall be submitted to the Association for review and approval, which approval shall be obtained prior to the placement of advertisements.

(b) After prequalification statements have been received and evaluated, the recommendations thereon of EPADC and of the Project consultants shall be submitted to the Association for review and approval, which approval shall be obtained prior to the issuance of invitations to bid.

(c) Invitations to bid, specifications, the proposed terms and conditions of contracts, and all other bidding documents, together with a description of the advertising procedures to be followed, shall be submitted to the Association for review and approval, which approval shall be obtained prior to the issuance of invitations to bid.

(d) After bids have been received and analyzed, the analyses of bids and the recommendations thereon of EPADC and of the Project consultants, as well as the proposals for awards, shall be submitted to the Association for review and approval, which approval shall be obtained prior to making any award of contract or issuing any letter of intent.

(e) If the final contract or letter of intent is to differ materially from the terms and conditions contained in the respective documents approved by the Association under subparagraphs (c) or (d) above, the text of the proposed changes shall be submitted to the Association for review and approval, which approval shall be obtained prior to the execution of such contract or issuance of such letter of intent.

(f) Two conformed copies of any letter of intent issued and of any contract executed under this paragraph shall be sent to the Association upon their issuance or execution.

6. With respect to every contract or letter of intent for the purchase of machinery, equipment, vehicles and materials in Categories I and II of such allocation of the proceeds of the Credits and involving expenditures expected to exceed the equivalent of \$50,000, the procedure set forth in subparagraphs (c), (d), (e) and (f) of paragraph 5 hereof shall be followed, for which purpose the words "or the Department of Agriculture, as the case may be," shall be deemed to be inserted after "EPADC" in subparagraph (d) of paragraph 5 hereof.

7. With respect to every contract or letter of intent for civil works in Category III of such allocation of the proceeds of the Credits and involving expenditures expected to cost the equivalent of \$100,000 or less, as well as with respect to every contract or letter of intent for the purchase of machinery, equipment, vehicles or materials in Categories I and II of such allocation of the proceeds of the Credits and involving expenditures expected to cost the equivalent of \$50,000 or less, copies of the invitations to bid, bid analyses and evaluations, as well as any other bid documents or relevant information requested by the Association and two conformed copies of any such contract or letter of intent, shall be furnished to the Association after the execution thereof and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Accounts in respect of any such contract or letter of intent.

8. With respect to the consulting services to be provided under Category IV of the allocation of the proceeds of the Credits, the Province shall, except as the Association and the Province may otherwise agree:

(a) adhere to the procedures for selection of consultants set forth in the publication entitled *Uses of Consultants by the World Bank and its Borrowers* dated September 1966;

(b) prior to inviting proposals, submit proposed terms of reference for consulting services to the Association for review and approval;

(c) prior to issuing any letter of intent or contract to consultants, submit draft letter of intent or contract to the Association for review and approval;

- (d) send two conformed copies of any letter of intent issued or any contract executed to the Association upon their issuance or execution.

SCHEDULE 4

TUBEWELL SITE SELECTION SYSTEM

1. The criteria for selection of tubewell sites shall be as set forth in the Appendix hereto.
2. Thana Councils of Thanas in the Project Area that fulfill said criteria should be requested to solicit applications for tubewells from prospective Irrigation Groups.
3. The Councils and their TIP staffs should organize Irrigation Groups in these selected Thanas, register them as cooperative societies and assist them in preparing the applications.
4. The applications should include an undertaking of the members of the society to:
 - (a) collaborate in the operation of a tubewell and in the utilization of its water;
 - (b) accept as final the decision of EPADC as to the siting of the well;
 - (c) acquire from its owner and register in the name of the society, EPADC or the Province, prior to construction of the tubewell, the parcel of land to be occupied by the tubewell and its pumphouse;
 - (d) permit unrestricted access to the site during construction activities; and
 - (e) construct, within a period of 6 months after the drilling of the tubewell, a field channel distribution system to irrigate not less than 60 ac. from the well, in default of which the society would permit EPADC to construct the system at the expense of its members.
5. Upon receipt of an application, EPADC should examine the proposed site in relation to the criteria for site selection and establish its suitability before including it in the drilling program.
6. Before drilling the well, EPADC should design a suitable field channel distribution system for it and supply copies of plans to the Irrigation Group and the TIP staff.

APPENDIX TO SCHEDULE 4

CRITERIA FOR TUBEWELL SITE SELECTION

The criteria for selection of tubewell sites should include the following:

1. *Soils*

The sites would be limited to soils of the Barind tract, Tista floodplain and Ganges/Brahmaputra ridge classifications. Within these areas, sandy soils and soils with sand at shallow depth would be excluded, as would areas near major rivers liable to suffer river erosion or burial by new alluvium.

2. *Topography and Depth of Flooding*

Tubewells would not be drilled in areas of irregular relief, or land subject to deep seasonal flooding.

3. *Establishment of Irrigation Groups*

Irrigation Groups should have been established as entities with legal personality, and have accepted the revised TIP conditions, as shown in Section 4 of Schedule 4.

4. *Ownership of Well Site*

The owner of the land in which the tubewell would be drilled must have agreed to convey to the Irrigation Group, EPADC or the Province the piece of land to be occupied by the well and its pumphouse.

5. *Service Areas*

Within the area in the immediate vicinity of, and commanded by, the well, as high a proportion of the irrigable land as possible should be irrigated. Priority for inclusion in the drilling program should be allocated to sites on the basis of the intensity of their proposed irrigation coverage; in all cases the proportion of irrigable land to be actually included in the proposed service area must exceed 80%, in default of which the site should be rejected.

6. *Access*

The site should be reasonably accessible to vehicles for construction, maintenance and agricultural extension purposes for as many months in the year as possible.
