

No. 692

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BANGLADESH**

**Development Credit Agreement—*Northwest Region
Tubewells Project* (with General Conditions Applicable to Development Credit Agreements). Signed at Washington on 6 November 1972**

Authentic text: English.

Filed and recorded at the request of the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
BANGLADESH**

**Contrat de crédit de développement—*Projet relatif à
l'installation de puits tubulaires dans la région du
Nord-Ouest* (avec Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 6 novembre 1972**

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de l'Association internationale de développement le 14 juin 1973.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated November 6, 1972 between PEOPLE'S REPUBLIC OF BANGLADESH (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) on June 30, 1970 the Association agreed to make available a development credit (hereinafter called Credit No. 208) in an amount equivalent to fourteen million dollars (\$14,000,000) to assist in the financing of a project for irrigation by tubewells within the districts of Dinajpur, Rangpur, Bogra, Rajshahi, Pabna, Mymensingh and Tangail (hereinafter called the Tubewells Project);

(B) on June 30, 1970 the Kingdom of Sweden (hereinafter called Sweden) agreed to make available a development credit in an amount of thirty-one million five hundred thousand Swedish Kronor (SKr31,500,000) to assist in the financing of the Tubewells Project;

(C) withdrawals from the credit account opened by the Association and from the special account opened by the Sveriges Riksbank, Stockholm, acting as agent for Sweden, under the aforementioned development credits were suspended on December 29, 1971 and February 1, 1972, respectively;

(D) by an exchange of letters between Sweden and the Borrower on May 31, 1972 and June 2, 1972, Sweden agreed to extend financial assistance to the Borrower as an interim source of financing for certain projects of high developmental priority in the territories of the Borrower, including the Tubewells Project;

(E) by agreement between the Government of Canada and the Borrower (hereinafter called the Canadian Grant Agreement), the Government of Canada has agreed to make available to the Borrower, by way of grant, certain goods and services required for the Tubewells Project in value equivalent to six million Canadian dollars (Can\$6,000,000) approximately;

(F) the Borrower has requested Sweden and the Association, jointly, to extend financial assistance to the Borrower for the continuation and completion of the Tubewells Project, as modified as hereinafter set forth, and to include in such joint financial assistance provision for repayment to Sweden of the financial assistance extended by Sweden for the Tubewells Project under the development credit and the interim financing arrangements referred to in paragraphs (B) and (D) above and for repayment to the Association of the principal amount of Credit No. 208 withdrawn from the credit account opened by the Association thereunder;

(G) Sweden has agreed to extend a development credit to the Borrower in a principal amount of twenty-nine million six hundred thousand Swedish Kronor (SKr29,600,000) upon the terms and conditions set forth in an agreement of even date herewith² (hereinafter called the Swedish Credit Agreement);

(H) the Association has agreed, on the basis *inter alia* of the foregoing, to extend a development credit to the Borrower upon the terms and conditions hereinafter set forth;

¹ Came into force on 17 January 1973, upon notification by the Association to the Government of Bangladesh.

² See p. 95 of this volume.

(I) by an agreement of even date herewith¹ (hereinafter called the Joint Financing Agreement) the Borrower, Sweden and the Association deem it to be in their mutual interest that the allocation, withdrawal and use of the proceeds of said credits and the execution of the project, as well as other matters relating thereto, be regulated therein;

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, 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) The second sentence of Section 3.02 is amended to read as follows:

“A service charge at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum shall be payable on the portion to be paid out of the Credit Account of the principal amount of any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement and outstanding from time to time if, under such special commitment, the Association shall have agreed to pay such principal amount notwithstanding any subsequent suspension or cancellation of the Credit.”

(b) Article V is deleted.

(c) Section 6.01 is amended to read as follows:

“SECTION 6.01 *Cancellations by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 2.07 of the Joint Financing Agreement.”

(d) Section 6.02 (h) is deleted and Section 6.02 (i) is renumbered into Section 6.02 (h).

(e) Section 6.02 is amended by inserting the words “or the Swedish Credit Agreement or the Joint Financing Agreement or the Canadian Grant Agreement” after the words “the Development Credit Agreement” wherever the latter words appear in Section 6.02.

(f) Section 6.04 is amended to read as follows:

“SECTION 6.04. *Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Association.* No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement.”

¹ See p. 59 of this volume.

² See p. 346 of this volume.

(g) Section 6.06 is amended by inserting the words “the Joint Financing Agreement” after the words “the Development Credit Agreement”.

(h) Section 8.01 is amended by inserting the words “and the Joint Financing Agreement” after the words “the Development Credit Agreement” in the first sentence of Section 8.01 and by inserting the words “or the Joint Financing Agreement” after the words “the Development Credit Agreement” in the second sentence of Section 8.01.

(i) Section 8.02 is amended by inserting the words “or under the Joint Financing Agreement” after the words “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) “Project Area” means an area of approximately 180,000 acres within the districts of Dinajpur, Rangpur, Bogra, Rajshahi and Pabna in the northwest region of People’s Republic of Bangladesh.

(b) “BADC” means Bangladesh Agricultural Development Corporation, a corporate entity established under Ordinance No. XXXVII of 1961, and includes any successor thereto.

(c) “TIP” means the Thana Irrigation Program of the Borrower’s Ministry of Local Government, Rural Development and Cooperatives.

(d) “Irrigation Group” means a group of farmers duly constituted as an irrigation group under the Thana Irrigation Program.

(e) “Water Board” means Bangladesh Water Development Board, a body corporate constituted by the Bangladesh Water and Power Development Boards Order No. 59 of 1972, and includes any successor thereto.

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 fourteen million dollars (\$14,000,000).

Section 2.02 (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with Article II of the Joint Financing Agreement.

(c) Except as shall otherwise be agreed between the Borrower and the Association, no withdrawals from the Credit Account 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 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 2.04. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.05. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on April 1 and October 1 commencing April 1, 1983 and ending October 1, 2022, each installment to and including the installment payable on October 1, 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 2.06. 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.

Article III. USE OF PROCEEDS OF THE CREDIT; EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall cause the proceeds of the Credit to be applied in accordance with Article III of the Joint Financing Agreement.

(b) If the Association shall have reasonably determined that the procurement of any item in any Category of Schedule 1 to the Joint Financing Agreement is inconsistent with the procedures set forth or referred to in Section 3.01 of the Joint Financing Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as, in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

Section 3.02 The Borrower shall carry out the Project in accordance with Article IV of the Joint Financing Agreement.

Article IV. TAXES AND RESTRICTIONS

Section 4.01. 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 4.02. This 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 4.03. 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 V. REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions or in Section 5.03 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such

declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

(a) The right of the Borrower to withdraw the proceeds of the Credit provided for in the Swedish Credit Agreement or to receive the goods and services provided for in the Canadian Grant Agreement shall have been suspended, or the Borrower shall have been unable to withdraw such proceeds or to receive such goods and services, in whole or in part, and the Borrower shall have failed to obtain funds or goods and services from other sources in substitution therefor, on terms and conditions satisfactory to the Association, and such event shall have continued for a period of one hundred and twenty days;

(b) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the Joint Financing Agreement and such default shall have continued for a period of sixty days; and

(c) The outstanding principal of the credit provided for in the Swedish Credit Agreement, or any part thereof, shall have been declared, or become, due and payable in advance of the agreed maturity thereof in accordance with the terms of said Agreement.

Section 5.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified:

Any event specified in Section 5.02 of this Agreement shall occur.

Article VI. EFFECTIVE DATE; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

The execution and delivery of the Swedish Credit Agreement, the Joint Financing Agreement and the Canadian Grant Agreement on behalf of the parties thereto respectively, other than the Association, shall have been duly authorized or ratified by all necessary governmental action, and all conditions precedent to the effectiveness of each such Agreement or the right to make withdrawals thereunder or to receive goods and services thereunder, except only the effectiveness of other of such Agreements or of this Development Credit Agreement or the right to make withdrawals thereunder, shall have been fulfilled.

Section 6.02 The following are specified as additional matters, 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:

(a) the Joint Financing Agreement, the Swedish Credit Agreement and the Canadian Grant Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitute valid and binding obligations of the Borrower in accordance with their terms;

(b) BADC has full power and authority (i) to construct and maintain Part A (i), (ii), (iv) and (v) of the Project, (ii) to provide equipment, materials and other goods under Part B of the Project to the extent required to carry out said construction and maintenance and also the functions of BADC under Part C of

the Project, (iii) to employ consultants under Part C (i) of the Project as set forth in the Joint Financing Agreement, (iv) to provide guidance and assistance under Part C (ii) of the Project, and has all necessary rights and powers in connection therewith and that all acts, consents and approvals necessary therefor have been duly and validly performed or given;

(c) The Borrower's Ministry of Agriculture has full power and authority to (i) construct, operate and maintain Part A (iii) of the Project, (ii) provide equipment, materials and other goods under Part B of the Project to the extent required to carry out Part A (iii) of the Project and also the functions of the Borrower's Ministry of Agriculture under Part C of the Project, (iii) provide guidance and assistance under Part C (ii) of the Project, and has all necessary rights and powers in connection therewith, and that all acts, consents and approvals necessary therefor have been duly and validly performed or given; and

(d) The Borrower's Ministry of Local Government, Rural Development and Cooperatives has full power and authority to implement and enforce TIP and to do all such things, either by its own agencies or in conjunction with BADC and/or said Ministry of Agriculture, as may be required to carry out Part C (ii) of the Project, and has all necessary rights and powers in connection therewith, and that all acts, consents and approvals necessary therefor have been duly and validly performed or given;

(e) The Water Board has full power and authority to implement Part D of the Project, and has all necessary rights and powers in connection therewith, and that all acts, consents and approvals necessary therefor have been duly and validly performed or given.

Section 6.03. The date of January 6, 1973 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VII. MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The Chief of the External Resources Division of the Planning Commission of the Borrower 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:

Planning Commission
Bangladesh Secretariat
Dacca

Cable address:

Plancom
Dacca

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 Development Credit 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.

People's Republic of Bangladesh:

By A. M. A. MUHITH
Authorized Representative

International Development Association:

By I. P. M. CARGILL
Vice President, Asia

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.*]
