

No. 12588

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Tubewells Project—East Pakistan* (with General Conditions Applicable to Development Credit Agreements). Signed at Washington on 30 June 1970

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet relatif à l'installation de puits tubulaires – Pakistan oriental* (avec Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 30 juin 1970

Texte authentique : anglais.

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

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 30, 1970 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 from the Association a credit to assist in financing a project for irrigation by tubewells in the northwest of East Pakistan;

(B) the Borrower and the Province of East Pakistan have requested from the Kingdom of Sweden a credit to assist in financing said project, and by an agreement of even date herewith² (hereinafter called the Swedish Credit Agreement) the Kingdom of Sweden has agreed to make available to the Borrower, for relending to the Province of East Pakistan for said project, 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), on the terms and conditions set forth in the Swedish Credit Agreement;

(C) by an agreement of even date herewith³ the Borrower, the Province of East Pakistan, the Kingdom of 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 said project, as well as other matters relating thereto, be regulated therein;

(D) the Borrower, concurrently with said credits, will receive from the Government of Canada, for relending to the Province of East Pakistan, a credit in a principal amount of seven million Canadian Dollars (Can\$7,000,000) equivalent at present parity rate as nearly as possible to six million five hundred thousand dollars (\$6,500,000), for the acquisition of certain goods and services required for said project;

(E) the Association is willing, on the basis of the foregoing, to make available to the Borrower for said project a development credit in an amount in various currencies equivalent to fourteen million dollars (\$14,000,000), on the terms and conditions provided herein;

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, 1969,⁴ 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) 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.”

¹ Came into force on 28 October 1970, upon notification by the Association to the Government of Pakistan.

² See p. 173 of this volume.

³ See p. 137 of this volume.

⁴ See p. 128 of this volume.

(b) 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.”

(c) Article V is deleted.

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

“SECTION 6.01. *Cancellation 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.”

(e) Section 6.02 is amended by inserting the words “or the Swedish Credit Agreement or the Joint Financing Agreement or the Canadian Credit 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.”

(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) “Province” means the Province of East Pakistan, a political subdivision of the Borrower.

(b) “Project Area” means an area of approximately 180,000 acres within the districts of Dinajpur, Rangpur, Bogra, Rajshahi, Pabna, Mymensingh and Tangail in the northwest of East Pakistan.

(c) “EPADC” means the East Pakistan Agricultural Development Corporation, a corporate entity established under Ordinance No. XXXVII of 1961, and includes any successor thereto.

(d) "TIP" means the Thana Irrigation Programme of the Local Government Department of the Government of East Pakistan.

(e) "Irrigation Group" means a group of farmers duly constituted as an irrigation group under the Thana Irrigation Programme.

(f) "Joint Financing Agreement" means the agreement of even date herewith referred to in recital (C) to this Agreement, between the Borrower, the Province, the Kingdom of Sweden and the Association, as amended from time to time by agreement of the parties thereto.

(g) "Canadian Credit Agreement" means the agreement between the Borrower and the Government of Canada whereby the Borrower will receive the credit referred to in recital (D) to this Agreement, as amended from time to time by agreement of the parties 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 each April 1 and October 1 commencing October 1, 1980 and ending April 1, 2020, each installment to and including the installment payable on April 1, 1990 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

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied to expenditures on the Project in accordance with Article III of the Joint Financing Agreement.

Article IV. PARTICULAR COVENANTS

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

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 repayable to the Borrower by the Province in the currency of the Borrower.

Section 4.03. 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 4.04. This Development Credit 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 or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

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

- (a) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower or the Province under the Joint Financing Agreement and such default shall have continued for a period of sixty days; and
- (b) The outstanding principal of the credit provided for in the Swedish Credit Agreement or in the Canadian 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 Agreements respectively.

Section 5.03. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified:

The right of the Borrower to withdraw the proceeds of the Credit provided for in either the Swedish Credit Agreement or the Canadian Credit Agreement shall have been suspended, or the Borrower shall have been unable to withdraw such proceeds, in whole or in part, and the Borrower shall have failed to obtain funds 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.

Article VI. EFFECTIVE DATE; TERMINATION

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

- (a) the Canadian Credit Agreement providing for a credit to the Borrower of not less than seven million Canadian Dollars (Can\$7,000,000), for the acquisition of tubewell screens, casings and pumphousings and for shipping costs, shall have been executed and delivered by the parties thereto;
- (b) the execution and delivery of the Swedish Credit Agreement, the Joint Financing Agreement and the Canadian Credit 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, 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;
- (c) the Province shall have established (or caused to be established) and made the initial payment into, the Project Construction Revolving Fund, as required under paragraphs (a) and (b) of Section 4.02 of the Joint Financing Agreement;
- (d) a Senior Officer (Construction) shall have been appointed pursuant to paragraph (c) of Section 4.02 of the Joint Financing Agreement;
- (e) the Province shall have established (or caused to be established), and made the initial payment into, the Project Agriculture Revolving Fund, as required under paragraphs (a) and (b) of Section 4.03 of the Joint Financing Agreement;
- (f) a Senior Officer (Agriculture) shall have been appointed pursuant to paragraph (c) of Section 4.03 of the Joint Financing Agreement;
- (g) Engineering and Agricultural Consultants shall have been engaged in accordance with Section 4.05 of the Joint Financing Agreement; and
- (h) the Tubewells Division of EPADC shall have been enlarged and reorganized in accordance with Section 4.06 of the Joint Financing Agreement.

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 has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Province and constitutes a valid and binding obligation of the Borrower and the Province in accordance with its terms;
- (b) the Swedish Credit Agreement has been duly authorized and delivered on behalf of the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms;
- (c) the Canadian Credit Agreement has been duly authorized and delivered on behalf of the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms;
- (d) EPADC 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 EPADC 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;

- (e) East Pakistan Department of Agriculture has full power and authority (i) to construct, operate and maintain Part A (iii) of the Project, (ii) to 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 East Pakistan Department of Agriculture under Part C of the Project, (iii) 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; and
- (f) East Pakistan Department of Local Government 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 EPADC and/or said Department 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.

Section 6.03. The date of September 30, 1970 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 June 30, 1975 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

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 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.

Islamic Republic of Pakistan:

By A. R. BASHIR
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

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.*]