

No. 12615

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**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
BANGLADESH and SWEDEN**

**Joint Financing Agreement — *Northwest Region Tubewells Project* (with schedules). Signed at Washington on 6 November 1972**

*Authentic text: English.*

*Registered by the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT, BANGLADESH et SUÈDE**

**Accord de financement conjoint — *Projet relatif à l'installation de puits tubulaires dans la région du Nord-Ouest* (avec annexes). Signé à Washington le 6 novembre 1972**

*Texte authentique: anglais.*

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

## JOINT FINANCING AGREEMENT<sup>1</sup>

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

WHEREAS (A) by a development credit agreement with the Borrower of even date herewith,<sup>2</sup> Sweden has agreed to make available to the Borrower a credit in a principal amount of twenty-nine million six hundred thousand Swedish Kronor (SKr29,600,000), for the purpose of assisting in the financing of a project for irrigation by tubewells in the northwest region of Bangladesh, as such project is described in Schedule 2 to this Agreement;

(B) by a development credit agreement with the Borrower of even date herewith,<sup>3</sup> the Association has agreed to make available to the Borrower 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 term "Swedish Credit Account" means the account established under the Swedish Credit Agreement.

(f) The term "IDA Credit Account" means the account established under the IDA Credit Agreement.

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

<sup>1</sup> Came into force on 17 January 1973, upon notification by the Association to the Parties concerned.

<sup>2</sup> See p. 95 of this volume.

<sup>3</sup> See p. 339 of this volume.

(h) The terms “Project Area”, “BADC”, “TIP”, “Irrigation Group” and “Water Board” 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, 1969<sup>1</sup> 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.* Subject to the provisions of paragraphs 7 and 8 of Schedule 1 to this Agreement, the Borrower 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 and services required for the Project.

*Section 2.03.* (a) When the Borrower shall desire to withdraw any amount of the Swedish Credit and the IDA Credit, the Borrower 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 Borrower and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

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

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Borrower 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.

*Section 2.04.* Each such application by the Borrower 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 the Borrower for withdrawal, the Association shall:

<sup>1</sup> United Nations, *Treaty Series*, vol. 703, p. 244.

- (i) pay the amount, if any, which the Borrower is entitled to withdraw from the IDA Credit Account to or on the order of the Borrower in accordance with the provisions of the IDA Credit Agreement;
- (ii) promptly give notice to the Sveriges Riksbank, acting as agent for Sweden, 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 from 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 the Borrower 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 the Borrower's request and upon such terms as shall be agreed between the Association and the Borrower, the Association may enter into special commitments to pay amounts to the Borrower or others in respect of the cost of goods and services 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 in fulfillment of such special commitment, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with Sections 2.05 and 2.06 of this Agreement, such portion of the total amount to be disbursed, 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 I to this Agreement until there has been submitted to the Association 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 between the Borrower 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 Borrower 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 in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement, (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association, and (iii) the Borrower 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 BORROWER*

*Section 4.01. (a)* The Borrower shall carry out the Project, through BADC in part, with due diligence and efficiency and in conformity with sound administrative, financial, engineering and agricultural practices.

(b) The Borrower 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)* Except as the Association shall otherwise agree, and without restriction or limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall (i) establish or cause to be established a special revolving fund (hereinafter called the Project Construction Fund) to be used for the sole purpose of making payments for goods and services required to carry out the Parts of the Project to be carried out by BADC, (ii) deposit or cause to be deposited in the Project Construction Fund all amounts as shall from time to time be required on the part of the Borrower to enable the payments heretofore specified to be made, promptly as needed, out of the Project Construction Fund, and (iii) 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 Fund.

(b) Without restriction or limitation upon the provisions of paragraph (a) of this Section, the Borrower shall make or cause to be made an initial deposit in the Project Construction Fund in an amount of four million eight hundred thousand Takas (Tks 4,800,000) and shall thereafter deposit or cause to be deposited in the Project Construction Fund on the first day of each calendar month such amount as shall be required to maintain the Project Construction Fund at a level which will be sufficient to meet payments expected to be made by the Borrower, in respect of the parts of the Project to be carried out by BADC, during the forthcoming three months, as estimated on the basis of the Project work schedules.

(c) The Borrower shall cause BADC to employ a qualified and experienced Senior Officer in charge of construction under the Project who shall have power to operate the Project Construction Fund and shall have such other powers and responsibilities as shall be mutually satisfactory to the Association and BADC.

*Section 4.03. (a)* Except as the Association shall otherwise agree, and without restriction or limitation upon the provisions of Sections 4.01 or 4.02 of

this Agreement, the Borrower shall (i) establish or cause to be established a special revolving fund (hereinafter called the Project Agriculture Fund) to be used for the sole purpose of making payments for goods and services required to carry out the Parts of the Project to be carried out by the Borrower's Ministry of Agriculture, (ii) deposit or cause to be deposited in the Project Agriculture Revolving Fund all amounts as shall from time to time be required on the part of the Borrower to enable the payments heretofore specified to be made, promptly as needed, out of the Project Agriculture Revolving Fund, and (iii) 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 Fund.

(b) Without restriction or limitation upon the provisions of paragraph (a) of this Section, the Borrower shall make or cause to be made an initial deposit in the Project Agriculture Fund in an amount of four hundred and eighty thousand Takas (Tks 480,000) and shall thereafter deposit or cause to be deposited in the Project Agriculture Fund on the first day of each calendar month such amount as shall be required to maintain the Project Agriculture Fund at a level which will be sufficient to meet payments expected to be made by the Borrower, in respect of the parts of the Project to be carried out by the Borrower's Ministry of Agriculture, during the forthcoming three months, as estimated on the basis of the Project work schedules.

(c) The Borrower shall cause its Ministry 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 Fund and shall have such other powers and responsibilities as shall be mutually satisfactory to the Association and said Ministry of Agriculture.

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

*Section 4.05.* (a) The Borrower shall cause BADC 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.

(b) The Borrower shall cause the Water Board to employ a consulting hydrologist or hydraulic engineer acceptable to the Association, and on terms and conditions satisfactory to the Association, to provide services under Part D of the Project.

*Section 4.06.* The Borrower shall prepare and approve, by November 30, 1972 (or such other date as may be agreed upon between the Borrower and the Association), PC-I Forms and all other documents necessary for administrative and financial sanction of the engineering and agricultural components of the Project.

*Section 4.07.* The Borrower 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, under terms and conditions which ensure that the landowners whose land is thus affected receive fair and prompt compensation.

*Section 4.08.* (a) The Borrower shall (i) ensure that all works and facilities included in the Project, as well as all works and facilities constructed or installed under Credit No. 208 or with financing provided by Sweden, and all irrigation, electric power works and other facilities not included in the Project but necessary to the proper and efficient operation thereof, will at all times be properly and efficiently operated and adequately maintained and repaired in accordance with sound administrative, financial, engineering and agricultural practices and standards, and (ii) 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 department, agency or organization other than BADC.

(b) The Borrower shall cause BADC 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 Borrower shall cause BADC, 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.

*Section 4.09.* The Borrower 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, by January 31, 1973 (or such other date as may be agreed upon by the Borrower and the Association), a detailed agricultural development program for the Project Area, to be agreed upon between the Borrower and the Association.

*Section 4.10.* The Borrower 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 Borrower shall cause BADC to utilize the well site selection system set forth in Schedule 4 to this Agreement, which system, subject to any amendments thereof which may be agreed upon by the Borrower and the Association at any time, shall be applicable to all tubewells to be constructed under the Project.

*Section 4.12.* (a) The Borrower shall cause BADC, with the assistance of the consultants referred to in Section 4.05 (a) 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 Borrower's Ministry of Agriculture, to provide guidance to said Irrigation Group in the construction of said distribution system.

(b) The Borrower shall ensure that BADC 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 distribution system within six months after completion of construction of said tubewell, and that in the event of their failure to do so BADC 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 Borrower shall prepare and submit to the Association, by January 31, 1973 (or such other date as may be agreed upon between the Borrower and the Association), a program satisfactory to the Association for the training of personnel of the departments, agencies or organizations of the Borrower 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 Borrower shall provide adequate facilities for the carrying out of the training program referred to in paragraph *(a)* hereof.

*Section 4.14. (a)* The Borrower shall ensure that fees are collected for the rental in the Project Area of each tubewell and that such fees shall be on a graduated scale rising by the tenth year of operation to a level sufficient to provide recovery of the full annual cost of operating, maintaining and replacing such tubewell.

*(b)* The Borrower shall prepare and submit or cause to be prepared and submitted to the Association by a date not later than five years from the date of this Agreement (or such other date as may be agreed upon between the Borrower and the Association) a plan providing for the recovery of as much as practicable of the capital costs of the Project, and shall consult with the Association as to the measures to be taken to give effect to such plan.

*Section 4.15. (a)* The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, reports and work and procurement schedules for the Project and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

*(b)* The Borrower shall: (i) 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; (ii) enable Sweden's and the Association's representatives to inspect the Project, the aforementioned goods and any relevant records and documents; and (iii) 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 Fund and the Project Agriculture 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 BADC and the other departments, agencies and organizations of the Borrower responsible for the carrying out of the Project or any part thereof.

*(c)* The Borrower shall ensure that the financial statements of BADC and of the other departments, agencies and organizations of the Borrower responsible for the carrying out of the Project or any part thereof and of the Project Construction Fund and the Project Agriculture Fund are audited annually by the Comptroller and Auditor-General of Bangladesh, 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 Borrower 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 Borrower shall furnish to Sweden and to the Association all such information as either of them shall reasonably request.

(b) The Borrower, 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 Borrower 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 Borrower 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 Borrower and the Association the Borrower shall: (i) 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) 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.* The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Swedish Credit and the IDA Credit 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 Borrower to replace or repair such goods.

*Section 4.19.* The Borrower 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 on or in connection with the execution, delivery or registration of this Agreement, or the payment of principal and service charges thereunder.

*Section 4.20.* The Borrower shall afford all reasonable opportunity for accredited representatives of Sweden and the Association to visit any part of the territories of the Borrower for purposes related to the Swedish Credit and the IDA Credit.

*Section 4.21.* Without limitation or restriction upon any of the obligations of the Borrower elsewhere in this Agreement set forth, the Borrower shall (i) grant, promptly as needed, all licenses, foreign exchange permits, approvals and authorities necessary for the importation into Bangladesh by any 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 Bangalee contractor of a provision, subject to the need therefor in such case having been certified by the consultants referred to in

Section 4.05 (a) 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 V. MISCELLANEOUS*

*Section 5.01.* 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 to 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 the Borrower:

Planning Commission  
Bangladesh Secretariat  
Dacca

Cable address:

Plancom  
Dacca

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.

*Section 5.02.* The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

*Section 5.03.* 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 5.04.* (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 5.05.* 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, 1997, whichever is the earlier.

*Section 5.06.* 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 5.07.* Unless otherwise notified to the Borrower and the Association 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.

People's Republic of Bangladesh:

By A.M.A. MUHITH  
Authorized Representative

Kingdom of Sweden:

By CURT LIDGARD  
Authorized Representative

International Development Association:

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

## 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	3,000,000	7,000,000	100% of total expenditures
II. Vehicles, motorcycles, miscellaneous equipment and supplies for field trial farms	330,000	670,000	100% of total expenditures
III. Well construction and improved distribution systems	1,630,000	3,900,000	38% of total expenditures
IV. Consulting services	300,000	700,000	100% of foreign expenditures
V. Repayment of principal amount withdrawn under Credit No. 208		118,287.50	
VI. Repayment of principal amount withdrawn under Swedish Credit dated June 30, 1970	52,742.27*		
VII. Unallocated	687,257.73	1,611,712.50	
TOTAL	6,000,000.00	14,000,000.00	

\* This figure shall, if necessary, be adjusted so as to reflect, on the date of payment as provided in paragraph 7 hereof, the equivalent of SKr259,491.97.

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 the Borrower) or of Switzerland; and

(b) The term "total expenditures" means the aggregate of foreign expenditures and of expenditures in the currency of the Borrower or for goods produced in, or services supplied from, the territories of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made under Categories I to IV, inclusively, in respect of:

- (a) expenditures made prior to the date of this Agreement, except as provided in paragraph 7 hereof; and
- (b) payments for taxes imposed directly 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. 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 the Borrower, 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 the Borrower, 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 the Borrower, reallocate such excess by increasing correspondingly the amount allocated to Category III and by adjusting said percentage having reference thereto.

7. Sweden shall, on the Effective Date or as soon as possible thereafter, withdraw from the Swedish Credit Account and pay to the Sveriges Riksbank, Stockholm, for the account of Sweden, under Categories I to IV, respectively, the equivalent of amounts disbursed by Sweden, until the Effective Date, in respect of items within said Categories, under the interim financing arrangements for the Tubewells Project referred to in paragraph (D) of the Preamble to the IDA Credit Agreement, and, under Category VI, an amount of SKr259,491.97, in full repayment in advance of maturity of the principal amount of the Swedish Credit dated June 30, 1970 withdrawn from the special account opened by the Sveriges Riksbank thereunder.

8. The Association shall, on the Effective Date or as soon as possible thereafter, withdraw from the IDA Credit Account and pay to the Association, under Category V, an amount equivalent to \$118,287.50, in full repayment in advance of maturity of the principal amount of Credit No. 208 withdrawn from the credit account opened by the Association thereunder, it being hereby agreed and recorded that, for the purpose of determining the principal amount of the Credit to be repaid by the Borrower, in accordance with Section 4.03 of the General Conditions, this withdrawal shall be deemed to have been made as of the respective dates of withdrawal under Credit No. 208.

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project is the provision of irrigation on about 180,000 acres in five Districts in the northwest region of Bangladesh 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) 2 field trial and demonstration farms of about 25 acres each;
- (iv) equipping of said 2 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; maintenance equipment; 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) (a) The employment of engineering consultants to, *inter alia*:

prepare specifications and contract documents;  
evaluate contractors' qualifications and bids;  
supervise well siting and construction and certify contractors' payment certificates, until such time as the Borrower and the Association may agree that BADC personnel can effectively assume these responsibilities;  
train BADC personnel in all engineering aspects of the Project;  
develop designs and specifications for experimental wells and distribution systems.

(b) 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.

- (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.

*Part D.* The carrying out of a study of drainage and water supply for irrigation in the area partially protected by the Brahmaputra Right Embankment, such study to be coordinated and supervised by a consulting hydrologist or hydraulic engineer.

The Project is expected to be completed by June 30, 1976.

## 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 competition. 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 competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in April 1972.

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 BADC and the Borrower's Ministry 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, bid prices shall be determined and be compared on the following basis:

- (i) the term "Local Bid" means a bid submitted by a manufacturer established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in such territories; any other bid shall be deemed to be a "Foreign Bid";
- (ii) the bid price under a Local Bid shall be the ex-factory price of such goods;
- (iii) for the purpose of comparing any Foreign Bid with any Local Bid, the bid price under a Foreign Bid shall be the sum of the following amounts:
  - (A) The c.i.f Chittagong landed price of such goods; and
  - (B) the amount of any taxes on the importation of such goods into the territories of the Borrower which generally apply to non-exempt importers, or 15% of the amount specified in (A) above, whichever shall be the lower.

3. With respect to goods and services in Category III of such allocation of the proceeds of the Credits, the Borrower shall cause the well construction to be carried out by prequalified contractors on the basis of international competition, as described in paragraph 1 hereof, and the construction of the improved distribution systems to be carried out on the basis of such competition locally advertised.

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 BADC from all interested contractors. These shall be evaluated by BADC, 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 BADC 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 BADC 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 Ministry of Agriculture, as the case may be," shall be deemed to be inserted after "BADC" 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 Borrower shall, except as the Borrower and the Association 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; and
- (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. Thanas 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 BADC as to the siting of the well;
- (c) acquire from its owner and register in the name of the society or BADC or the Borrower, 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 BADC to construct the system at the expense of its members.

5. Upon receipt of an application, BADC 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, BADC 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 and high floodplain 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 or BADC or the Borrower 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.

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