

No. 13699

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**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
BANGLADESH and SWEDEN**

**Joint Financing Agreement—*Foodgrain Storage Project*  
(with schedules). Signed at Washington on 18 May  
1973**

*Authentic text: English.*

*Registered by the International Development Association on 17 December 1974.*

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

**Contrat de financement conjoint — *Projet relatif au stockage des céréales* (avec annexes). Signé à Washington le 18 mai 1973**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 17 décembre 1974.*

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

AGREEMENT, dated May 18, 1973, 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-five million Swedish Kronor (SKr25,000,000), for the purpose of assisting in the financing of a project for the establishment of modern grain storage and handling facilities in the territories of the Borrower, 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 nineteen million seven hundred thousand dollars (\$19,700,000), 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.

<sup>1</sup> Came into force on 17 July 1973, i.e. the earliest date upon which the Development Credit Agreement between Sweden and Bangladesh signed at Washington on 18 May 1973\* and the Development Credit Agreement between Bangladesh and the International Development Association signed at Washington on 18 May 1973\*\* were both in effect, in accordance with article V, section 5.04(a).

\* See p. 163 of this volume.

\*\* See p. 391 of this volume.

<sup>2</sup> See p. 163 of this volume.

<sup>3</sup> See p. 391 of this volume.

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

(h) The several terms defined in the Swedish Credit Agreement and the IDA Credit Agreement 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 5 and 6 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 1:4 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:

- (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.

### *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, and (ii) 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 its Ministry of Food with due diligence and efficiency and in conformity with sound administrative, financial and engineering 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.* In carrying out Part A of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

*Section 4.03.* In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants acceptable to the Association, upon terms (including terms of reference) and conditions satisfactory to the Association.

*Section 4.04.* The Borrower shall ensure that by September 30, 1973 (or such other date as may be agreed upon between the Borrower and the Association) (a) structural tests and observations of the jetty serving the Chittagong silo in accordance with a program satisfactory to the Association shall be completed, and (b) a plan and schedule of implementation satisfactory to the Association shall be prepared for modifying said jetty so as to meet the Chittagong Port Authority's safety standards for the berthing of ocean-going grain carriers.

*Section 4.05.* The Borrower shall ensure that all works and facilities included in the Project, as well as all works and facilities constructed or installed under Credit No. 83 or under the development credit extended by Sweden on February 10, 1966, and all works and 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 and engineering practices and standards.

*Section 4.06.* (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: (i) 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 and to record the progress of the project (including the cost thereof); (ii) shall enable Sweden's and the Association's representatives to inspect the Project, the aforementioned goods and any relevant records and documents; and (iii) 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 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 the departments or agencies of the Borrower responsible for carrying out any part of the Project.

*Section 4.07.* (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 4.08.* Except as shall be otherwise agreed by the Borrower and the Association: (i) the Borrower shall cause all goods and services financed out of the proceeds of the Swedish Credit or the IDA Credit or Credit No. 83<sup>1</sup> or the development credit extended by Sweden on February 10, 1966 to be used in the territories of the Borrower exclusively in the construction and subsequent operation of the Project, (ii) the Borrower shall cause title to all such goods to be obtained free and clear of all encumbrances, and (iii) such goods shall not be sold or otherwise disposed of without the prior consent of the Association.

*Section 4.09.* 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 useable by the Borrower to replace or repair such goods.

*Section 4.10.* 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 4.11.* 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.

#### 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

<sup>1</sup> See "Development Credit Agreement between the Islamic Republic of Pakistan and the International Development Association signed at Washington on 10 February 1966" in United Nations, *Treaty Series*, vol. 575, p. 89.

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 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, 1992, 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. R. CHOUDHURY  
Authorized Representative  
on behalf of the President

Kingdom of Sweden:

By CURT LIDGARD  
Authorized Representative

International Development Association:

By I. P. M. CARGILL  
Regional 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:

<i>Category</i>	<i>Amount of the Swedish Credit Allocated (Expressed in Swedish Kronor)</i>	<i>Amount of the IDA Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Silos and related facilities (excluding jetty serving Chittagong silo) – civil works, materials and equipment . . . . .	775,000	720,000	100% of foreign expenditures
II. Jetty serving Chittagong silo – civil works and materials . . .	180,000	168,000	70% of total expenditures
III. Consultants' services . . . . .	170,000	160,000	100% of foreign expenditures
IV. Repayment of principal amount withdrawn under Credit No. 83 . . . . .		18,448,900.89	
V. Repayment of principal amount withdrawn under Swedish Credit dated February 10, 1966 . . . . .	23,849,048.13		
VI. Unallocated . . . . .	25,951.87	203,099.11	
	<u>TOTAL SKr 25,000,000.00</u>	<u>\$19,700,000.00</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 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, II and III in respect of:

(a) expenditures made prior to the date of this Agreement; 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. (a) 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:

- (i) 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;
- (ii) 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.

(b) Notwithstanding the percentage set forth in the third column of the table set out in paragraph 1 above, if the estimate of expenditures under category II 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 such category may continue until all expenditures thereunder shall have been made.

5. 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 IV, an amount equivalent to \$18,448,900.89, in full repayment in advance of maturity of the principal amount of Credit No. 83 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. 83.

6. 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 category V, an amount of SKr 23,849,048.13, in full repayment in advance of maturity of the principal amount of the Swedish Credit dated February 10, 1966 withdrawn from the special account opened by the Sveriges Riksbank thereunder.

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project is the completion of the construction and placing in operation of four reinforced concrete silos with a total capacity of about 232,000 tons and the improvement of related facilities and services, and consists of the following Parts:

#### *Part A*

Construction of and engineering services for foodgrain storage silos at Chittagong, Narayanganj, Ashuganj and Santahar and related facilities, including the modification of the jetty serving the Chittagong silo.

#### *Part B*

The carrying out of a study of policies, programs and facilities required for improved grain handling, storage and marketing and expanded domestic grain procurement, including a feasibility study of facilities suitable for inclusion in a second-stage foodgrain storage and marketing project.

*Part C*

Establishment and implementation of a pest infestation control program, including the training of pest control squads.

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

## SCHEDULE 3

## PROCUREMENT

1. Goods and services in categories I and II 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 \$100,000 in the case of civil works or \$50,000 in the case of materials, 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, as revised in October 1972. All other procurement shall be on the basis of local competitive procedures satisfactory to the Association.

2. With respect to every contract or letter of intent for goods and services in categories I and II of such allocation of the proceeds of the Credits and involving expenditures estimated to exceed the equivalent of \$100,000 in the case of civil works or \$50,000 in the case of materials, the following procedure shall be followed:

- (a) 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.
- (b) After bids have been received and analyzed, the analyses of bids and the recommendations thereon of the Borrower's Ministry of Food 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.
- (c) 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 (a) or (b) 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.
- (d) 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.

3. With respect to every contract or letter of intent for goods and services in categories I and II of such allocation of the proceeds of the Credits and involving expenditures estimated to cost the equivalent of \$100,000 or less in the case of civil works or \$50,000 or less in the case of materials, 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.

4. With respect to the consulting services to be provided in connection with Part B of the Project, 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, as revised in October 1971;
  - (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.
-