

No. 17182

**SWITZERLAND
and
BANGLADESH**

**Agreement on a development grant of 11 million Swiss
francs. Signed at Dacca on 14 September 1978**

Authentic texts: English and French.

Registered by Switzerland on 15 November 1978.

**SUISSE
et
BANGLADESH**

**Accord concernant un don d'aide financière de 11 millions
de francs suisses. Signé à Dacca le 14 septembre 1978**

Textes authentiques : anglais et français.

Enregistré par la Suisse le 15 novembre 1978.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE SWISS CONFEDERATION AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH ON A DEVELOPMENT GRANT OF ELEVEN MILLION SWISS FRANCS

The Government of the Swiss Confederation and the Government of the People's Republic of Bangladesh,

Having regard to the friendly relations between the two countries,

Desirous of strengthening these relations through closer cooperation in the field of development,

Intending to further promote the economic development of Bangladesh,

Have agreed as follows:

Article 1. OBJECTIVES AND AMOUNT OF THE DEVELOPMENT GRANT

1.1. The Government of the Swiss Confederation (hereinafter referred to as the Swiss Government) shall extend to the Government of the People's Republic of Bangladesh (hereinafter referred to as the Government of Bangladesh) a development grant of 11 million (eleven million) Swiss francs for financing the supply of pieces of equipment, tools, spare parts, raw material, etc., for the Bangladesh Power Development Board (hereinafter referred to as the "BPDB") and the Bangladesh Agricultural Development Corporation (hereinafter referred to as the "BADC").

1.2. With a view to contributing to a more efficient and rational functioning of the power transmission network already installed in Bangladesh, and in conjunction with the collaboration existing between the Contracting Parties in the field of training in maintenance and repair of transformers and switchgears at the BPDB Central Equipment Repair Workshop Tongi, a part of the grant, amounting to Swiss francs 5.60 million (five million six hundred thousand), shall be earmarked for the BPDB.

1.3. In order to strengthen the diesel pump maintenance and training programme implemented with the assistance of the UNDP/ILO Project BGD/73/013 (the costs of which are funded by a special contribution of the Swiss Government to UNDP) and so to support the agricultural production by means of maintaining pumps and recommissioning several thousand pump engines for the low lift irrigation schemes, a part of the grant, amounting to Swiss francs 5.40 million (five million four hundred thousand), shall be earmarked for the BADC.

Article 2. BANGLADESH POWER DEVELOPMENT BOARD

The following goods and services shall be financed out of the grant in respect of the BPDB:

2.1. Material in bulk, for an amount of Swiss francs 1.00 million (one million), such as paper insulated conductors, leatheroid paper, insulation paper,

¹ Came into force on 14 September 1978 by signature, in accordance with article 11.

cotton reinforced paper tape, transformer oil, etc., for repair of transformers at the BPDB Central Equipment Repair Workshop; the final list of material and the specifications, particularly relating to quality and durability, shall be worked out by the BPDB in collaboration with the Swiss engineers assigned to the Workshop under existing technical cooperation programme and agreed to by the Contracting Parties.

2.2. Additional equipment, for an amount of Swiss francs 1.25 million (one million two hundred fifty thousand), such as mobile oil storage tank (trailer mounted), mobile drying and processing equipment (truck mounted), stationary oil drying and purifying plants, medium-size transformer heating equipment, high capacity vacuum system, high capacity air compressor, winding lathe, insulation testing apparatus, etc.; the final list and the specifications shall be worked out and agreed to as mentioned under provision 2.1.

2.3. Equipment, for an amount of Swiss francs 3.00 million (three million) (including the cost of engineers, for installation), for overhauling and expanding the carrier system for transmission of phone calls, teleprinter, telemetering, remote control, disturbance signals along the power transmission lines; the Swiss Government shall make available to the BPDB a specialist for assessing the present situation and designing a master plan for the carrier equipment (the cost of this one-to-three month mission shall be borne by the Swiss Government out of technical assistance funds, in addition to the present grant); based on this master plan, a plan of operations and a list of equipment with all the specifications required (putting due emphasis to the compatibility of the carrier equipment to be purchased with the equipment already installed) shall be prepared and submitted for approval to the Contracting Parties.

2.4. Power line protection relays, for an amount of Swiss francs 0.35 million (three hundred fifty thousand), to be installed for 132 kV and 33 kV lines in various power sub-stations; the final list of equipment with all specifications required (taking into consideration the suitability to standardize the protection system on the power transmission lines in Bangladesh) shall be worked out and agreed to as mentioned under provision 2.1.

2.5. The Swiss Government is ready to consider favourably the organization of short-term missions of Swiss consulting engineers to support the activities of the BPDB in the aforementioned fields and of training in carrier equipment in Switzerland for engineers deputed by the BPDB. The costs of such missions and training shall be borne by the Swiss Government out of technical assistance funds in addition to the present grant.

Article 3. BANGLADESH AGRICULTURAL DEVELOPMENT CORPORATION

The following goods shall be financed out of the grant in respect of the BADC:

3.1. Spare parts to be imported, for an amount of Swiss francs 4.1 million (four million one hundred thousand), for maintaining and repairing in BADC workshops diesel engines and pumps used in low lift irrigation schemes; lists of spare parts with the required specifications from makes recognized by the manufacturer of the engine or pump shall be worked out by the BADC in collaboration with the Chief Technical Adviser of the UNDP/ILO Project for diesel pump maintenance and training programme and agreed to by the Contracting

Parties. In order to ensure quality of the spare parts, the parts shall be inspected at the suppliers' premises by an independent international inspection firm, which shall be approved by the Swiss Government.

3.2. In order to encourage local production in Bangladesh, non-precision spare parts *a*) to be produced in local industries for an amount of Swiss francs 0.1 million (one hundred thousand) and *b*) to be produced in the BADC workshops for an amount of Swiss francs 0.1 million (one hundred thousand) for maintaining and repairing in BADC workshops diesel engines and pumps used in low lift irrigation schemes; these amounts may also be used to cover the cost of import of raw material and prerequisites for the production of the said spare parts. The list of such spare parts shall be established by the BADC in collaboration with the Chief Technical Project Adviser of the UNDP/ILO Project and sent for information to the Contracting Parties.

3.3. Tools and equipment, for an amount of Swiss francs 0.6 million (six hundred thousand), such as compression testers, nozzle testers, spanners of various kinds, gauges, claws, hand-operated drilling machines, injector nozzle grinding machines, to supplement the equipment given by the UNDP/ILO Project for testing and repair of diesel engines and pumps in the regional, zonal and thana BADC workshops; the final list with the required specifications shall be worked out, due consideration being given to quality and durability of the tools and equipment, by the BADC in collaboration with the Chief Technical Adviser of the UNDP/ILO Project and agreed to by the Contracting Parties.

3.4. Approximately 3,500 bicycles, for an amount of Swiss francs 0.5 million (five hundred thousand), to be turned over to BADC's mechanics, upon completion of their diesel training courses with the UNDP/ILO Project, to improve their mobility and enable them to better maintain the field pump stations; the BADC shall select a sturdy type of bicycle ("military" type), with dynamo, lamp and carrier for a tool box; the BADC shall shape a system for maintaining and replacing the bicycles after the usual time of wear.

Article 4. PROCUREMENT PROCEDURES AS TO GOODS AND SERVICES FINANCED OUT OF THE GRANT

4.1. With respect to *a*) contracts with a foreign currency component of Swiss francs 100,000 (one hundred thousand), equivalent or less, pertaining to goods as mentioned under provisions 2.1 and 3.3, and to *b*) contracts pertaining to goods as mentioned under provision 3.2, the Government of Bangladesh shall cause the BPDB and the BADC to follow their respective procurement arrangements in accordance with their usual business practices and shall transmit promptly to the Swiss Government two copies of the signed contracts or of the production orders to BADC workshops, as the case may be.

4.2. With respect to contracts pertaining to goods as mentioned under provision 3.4, the procurement shall be restricted to producers in Asian developing countries and the same procedures as mentioned under provision 4.1 shall be followed.

4.3. With respect to all other contracts, the procurement of goods shall be made by means of international competition between at least three different acceptable suppliers, if possible from three different countries (in the case of

goods as mentioned under provisions 2.2, 2.3 and 2.4, international competition shall take place only if technical specifications allow for it), along the following procedures.

4.3.1. Before bids are invited, the BPDB and the BADC shall transmit to the Swiss Government for their comments the text of the invitations to bid and the specifications and other bid documents, together with the list of prospective acceptable suppliers or a description of the advertising procedure to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Swiss Government may reasonably request. Any substantive modification to the bidding documents shall require the concurrence of the Swiss Government before it is issued to the prospective bidders.

4.3.2. After bids have been received and evaluated, the BPDB and the BADC shall, before a final decision on the award is made, inform the Swiss Government of the name of the bidder to whom they intend to award the contract and shall furnish a report on the evaluation and comparison of the bids received together with the recommendations for award and the reasons for the intended award. The Swiss Government shall promptly inform the BPDB and the BADC whether they agree with or have any objection to the award and shall state the reasons for any objections they may have.

4.3.3. Two copies of the contract shall be transmitted to the Swiss Government promptly after its signature and prior to the first withdrawal of funds from the grant in respect of any such contract.

4.3.4. If the contract should be awarded over the reasonable objection of the Swiss Government or if its terms and conditions should, without the concurrence of the Swiss Government, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the grant.

Article 5. TAXES

5. No proceeds of the grant shall be used for the payment of any taxes (import duties, levies, fees, duties of any kind) imposed under the law of the Government of Bangladesh on goods or services or on the importation, manufacture, procurement or supply thereof. Recipient agencies in Bangladesh shall pay customs duty and sales tax on articles imported under this Agreement.

Article 6. OPENING OF THE CREDIT AND PAYMENT PROCEDURES

6.1. Immediately after the present Agreement has entered into force, the Swiss Government shall open, with the Swiss National Bank in Zurich, an account denominated "Bangladesh Development Grant BPDB/BADC", in favour of the bank designated by the Bangladesh Bank acting on behalf of the Government of Bangladesh.

6.2. This account shall be credited in three instalments, the first instalment of Swiss francs 5 million (five million) immediately after the entry into force of the present Agreement, the second instalment of Swiss francs 3 million (three million) on the 1.10.1978 and the third instalment of Swiss francs 3 million (three million) on the 1.11.1979.

6.3. The bank designated by the Bangladesh Bank shall, when making payments from this account to suppliers in countries other than Switzerland or

Bangladesh, request the Swiss National Bank or another Swiss bank, if the Swiss National Bank so prefers, to make payments in other appropriate currencies.

6.4. All payments due to suppliers in Switzerland and countries other than Bangladesh shall be made by means of irrevocable letters of credit opened on the request of the bank designated by the Bangladesh Bank by the Swiss National Bank in favour of the suppliers, with a correspondent bank of the Swiss National Bank located in the country of residence of the said suppliers. Letters of credit may also be opened for instalments or partial payments, if and when supply contracts so stipulate. This correspondent bank is authorized by such a letter of credit to pay the suppliers the amount expressed therein, under the conditions that the latter presents to this correspondent bank the documents provided for in the supply contract for such payment.

6.5. For payments pertaining to supply of goods as mentioned under provision 3.2, the bank designated by the Bangladesh Bank shall submit to the Swiss National Bank certificates from the BADC stating that the goods have been delivered to their satisfaction in conformity with the supply contracts, resp. [to the supply] orders, and, upon receipt of such certificates, the Swiss National Bank shall transfer to the bank designated by the Bangladesh Bank the amounts corresponding to the goods delivered.

6.6. The Government of Bangladesh may draw on the grant to make payments on contracts related to the supplies as mentioned under articles 2 and 3 over a period of three years from the entry into force of the present Agreement, or until such date as agreed between the Contracting Parties.

6.7. Requests by the bank designated by the Bangladesh Bank to the Swiss National Bank for drawing on the account opened by the Swiss Government in favour of the Government of Bangladesh shall be accompanied by a letter of approval from the Embassy of Switzerland in Dacca.

Article 7. CANCELLATION OF THE GRANT

7.1. The Government of Bangladesh may, by written notice to the Swiss Government, cancel any amount of the grant which the Government of Bangladesh shall not have withdrawn.

7.2. In the event of default by the Government of Bangladesh in the fulfilment of any commitment or obligation under the present Agreement, the Swiss Government may suspend, in whole or in part, the right of the Government of Bangladesh to make withdrawals from the grant or cancel the remainder of the grant.

Article 8. CONSULTATIONS BETWEEN THE CONTRACTING PARTIES

8.1. The Contracting Parties shall cooperate fully to ensure that the purpose of the grant will be accomplished. To that end the Contracting Parties shall, from time to time, at the request of either Party:

- Exchange views through their representatives with regard to the performance of their respective obligations under the present Agreement, the administration and operations in respect of the programmes financed by the grant;
- Furnish to the other Contracting Party all such information as it shall reasonably request with regard to the execution of the programme.

8.2. The Government of Bangladesh shall in particular enable the representatives of the Swiss Government to inspect the goods financed out of the proceeds of the grant and any relevant records and documents.

8.3. The Contracting Parties shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purpose of the grant, or the performance by either of them of their obligations under the present Agreement.

Article 9. SETTLEMENT OF DISPUTES

9.1. Disputes as to the interpretation of application of the provisions of this Agreement which shall not have been settled in a satisfactory way by means of diplomatic negotiations within a period of six months shall, upon the request of either Contracting Party, be submitted to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator. These two arbitrators shall nominate a third arbitrator as chairman who shall be a national of a third State.

9.2. If either Contracting Party has not appointed the arbitrator and has not followed the invitation of the other Contracting Party to make that appointment within two months, the arbitrator shall be appointed upon the request of that Contracting Party by the President of the International Court of Justice.

9.3. If both arbitrators cannot come to an agreement about the choice of a third arbitrator (chairman), within two months after their appointment, the latter shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice.

9.4. If, in the cases specified under paragraphs 2 and 3 of this article, the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by the Vice-President, and if the latter is prevented or if he is a national of either Contracting Party, the appointment shall be made by the next senior Judge of the Court, who is not a national of either Contracting Party.

9.5. Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.

9.6. The decisions of the tribunal are binding for each Contracting Party.

Article 10. AUTHORITIES IN CHARGE OF THE IMPLEMENTATION OF THE AGREEMENT

10.1. The Division for Development Cooperation and Humanitarian Aid in the Ministry of Foreign Affairs, on the Swiss side (cable address, Politique DDA, 3003 Berne; telex, 33151 epd ch), and the External Resources Division in the Ministry of Planning, on the Bangladesh side (cable address, Bahirsampad, Dacca; telex, Bahirsampad 886), shall be responsible for the overall implementation of the present Agreement.

10.2. The BPDB (mailing address, Secretary, Bangladesh Power Development Board, WAPDA Building, Motijheel, Dacca-2; cable, Power Board, Dacca; telex, BPDB DAC 617) and the BADC (mailing address, Chairman, Bangladesh Agricultural Development Corporation, Krishi Bhaban, 49-51, Dilkusha Commercial Area, Dacca-2; cable, Krishikaj, Dacca; telex, KRISHIKAJ 766) and the Embassy of Switzerland in Dacca (House 15, Road 81, Gulshan, [Dacca];

mailing address, G.P.O. Box 928, Dacca; cable, Ambassade, Dacca) shall deal directly with the normal correspondence relating to the implementation of the present Agreement.

Article 11. ENTRY INTO FORCE

11. The present Agreement shall come into force on the day of its signature and remain valid until 31st of December 1985.

DONE at Dacca, this 14th day of September 1978 in two original copies in English. Authenticated copies in Bengali¹ and French will be exchanged subsequently through diplomatic channel. In case of any dispute, the English text shall prevail.

For the Government
of the Swiss Confederation:

[Signed]²

For the Government of the
People's Republic of Bangladesh:

[Signed]

FAKHRUDDIN AHMED
Joint Secretary
Ministry of Planning
Government of Bangladesh

¹ The version in Bengali has not been established (information provided by the Swiss Government).

² Signed by Etienne A. Suter.