

**No. 29581**

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**FEDERAL REPUBLIC OF GERMANY  
and  
BANGLADESH**

**Agreement concerning financial cooperation (with annexes).  
Signed at Dhaka on 11 October 1988**

*Authentic texts: German, Bangla and English.*

*Registered by Germany on 8 February 1993.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
BANGLADESH**

**Accord de coopération financière (avec annexes). Signé à  
Dacca le 11 octobre 1988**

*Textes authentiques : allemand, bangla et anglais.*

*Enregistré par l'Allemagne le 8 février 1993.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH CONCERNING FINANCIAL CO-OPERATION

The Government of the Federal Republic of Germany  
and

the Government of the People's Republic of Bangladesh,

in the spirit of the friendly relations existing between the Federal Republic of Germany and the People's Republic of Bangladesh,

desiring to strengthen and intensify those friendly relations through financial co-operation in a spirit of partnership,

aware that the maintenance of those relations constitutes the basis of this Agreement,

intending to contribute to social and economic development in the People's Republic of Bangladesh,

have agreed as follows:

Article 1

(1) The Government of the Federal Republic of Germany shall enable the Government of the People's Republic of Bangladesh or other recipients to be determined jointly by the two Governments to obtain from the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, financial contributions up to a total of DM 102,000,000 (one hundred and two million Deutsche Mark). DM 10,000,000 (ten million Deutsche Mark) of this amount proceed from pledges made in 1986, in respect of which no agreements have yet been concluded.

(2) Additional funds from previous pledges totalling DM 43,211,476.02 (forty-three million two hundred and eleven thousand four hundred and seventy-six Deutsche Mark and two Pfennig) shall be raised as follows to finance the projects referred to in paragraph 3 (a), (c), (e), (f) and (g) below:

<sup>1</sup> Came into force on 11 October 1988 by signature, in accordance with article 8.

- (a) Residual funds from various completed projects amounting to DM 421,693.50 (four hundred and twenty-one thousand six hundred and ninety-three Deutsche Mark and fifty Pfennig) and funds in the amount of DM 20,724,527.86 (twenty million seven hundred and twenty-four thousand five hundred and twenty-seven Deutsche Mark and eighty-six Pfennig) which had been earmarked for the promotion of the development banks Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha shall be summed up in a single amount of DM 21,146,221.36 (twenty-one million one hundred and forty-six thousand two hundred and twenty-one Deutsche Mark and thirty-six Pfennig) and used as follows:
- up to DM 2,115,000 (two million one hundred and fifteen thousand Deutsche Mark) shall be used for the project referred to in paragraph 3 (a) below;
  - up to DM 18,609,000 (eighteen million six hundred and nine thousand Deutsche Mark) shall be used for the project referred to in paragraph 3 (g) below;
  - up to DM 422,221.36 (four hundred and twenty-two thousand two hundred and twenty-one Deutsche Mark and thirty-six Pfennig) shall be used for the project referred to in paragraph 3 (c) below.

A list of the completed projects from which the residual amounts are drawn is attached to this Agreement as Annex 1.

- (b) From the amount of DM 120,000,000 (one hundred and twenty million Deutsche Mark) pledged pursuant to Article 1 of the Agreement of 17 January 1984 between the Government of the Federal Republic of Germany and the Government of the People's Republic of Bangladesh concerning Financial Co-operation, a financial contribution of up to DM 17,500,000 (seventeen million five hundred thousand Deutsche Mark) shall be taken. These funds shall be used to finance the project referred to in paragraph 3 (e) below.
- (c) From the amount of DM 80,000,000 (eighty million Deutsche Mark) pledged pursuant to Article 1 of the Agreement of 14 November 1984 between the Government of the Federal Republic of Germany and the Government of the People's Republic of Bangladesh concerning Financial Co-operation<sup>1</sup>, a financial contribution of up to DM 3,500,000 (three million

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<sup>1</sup> United Nations, *Treaty Series*, vol. 1421, No. I-23990.

five hundred thousand Deutsche Mark) shall be taken. These funds shall be used to finance the project referred to in paragraph 3 (f) below.

- (d) From the amount of DM 80,000,000 (eighty million Deutsche Mark) pledged pursuant to Article 1 of the Agreement of 14 November 1984 between the Government of the Federal Republic of Germany and the Government of the People's Republic of Bangladesh concerning Financial Co-operation, a financial contribution of up to DM 1,065,254.66 (one million sixty-five thousand two hundred and fifty-four Deutsche Mark and sixty-six Pfennig) not yet earmarked shall be taken. These funds shall be used to finance the project referred to in paragraph 3 (c) below.

(3) The financial contributions referred to in paragraphs 1 and 2 above totalling DM 145,211,476.02 (one hundred and forty-five million two hundred eleven thousand four hundred and seventy-six Deutsche Mark and two Pfennig) shall be used as follows:

- (a) up to DM 32,115,000 (thirty-two million one hundred and fifteen thousand Deutsche Mark) shall be used to meet foreign exchange costs resulting from the purchase of goods and services in the German area of application of this Agreement and in developing countries to cover current civilian requirements, and to meet foreign exchange and local currency costs of transport, insurance and assembly arising in connection with the importation of goods financed under this Agreement. The supplies and services must be such as are covered by the list in Annex 2 to this Agreement and for which supply or service contracts have been concluded after October 11, 1988;
- (b) up to DM 26,000,000 (twenty-six million Deutsche Mark) shall be used for the project Energy Sector Programme if, after examination, the project has been found eligible for promotion;
- (c) up to DM 25,487,476.02 (twenty-five million four hundred and eighty-seven thousand four hundred and seventy-six Deutsche Mark and two Pfennig) shall be used for the project Rural Roads and Markets if, after examination, the project has been found eligible for promotion;
- (d) up to DM 7,000,000 (seven million Deutsche Mark) shall be used for the project Joysager Fish Farm (cf. item 4.2.5 of the Summary Record of Negotiations of 3 November 1987) if, after examination, the project has been found eligible for promotion;

- (e) up to DM 22,500,000 (twenty-two million five hundred thousand Deutsche Mark) shall be used for the project Reactive Power Compensation. For this project an amount of DM 24,000,000 (twenty-four million Deutsche Mark) was pledged in the intergovernmental Agreement of 17 January 1984.<sup>1</sup> Of this amount, a sum of DM 17,500,000 (seventeen million five hundred thousand Deutsche Mark) shall be used to finance the project (cf. Article 1 (2) (b) of this Agreement) and an additional amount of DM 5,000,000 (five million Deutsche Mark) shall be pledged (cf. item 4.2.2 of the Summary Record of Negotiations of 3 November 1987) in respect of it;
- (f) up to DM 13,500,000 (thirteen million five hundred thousand Deutsche Mark) shall be used for the project Supply of Oral Contraceptives to increase the German contribution to the Population Programme III comprising up to DM 10,000,000 (ten million Deutsche Mark) from the additional amount pledged in 1986 (cf. Article 1 (1) of this Agreement and item 4.2 of the Summary Record of Negotiations of 6 November 1986) and up to DM 3,500,000 (three million five hundred thousand Deutsche Mark) from the funds pledged in 1984 (cf. Article 1 (2) (c) of this Agreement);
- (g) up to DM 18,609,000 (eighteen million six hundred and nine thousand Deutsche Mark) shall be used for the project Supply of 4 MG and 5 BG Diesel-Electric Locomotives if, after examination, the project has been found eligible for promotion.

(4) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of the People's Republic of Bangladesh to obtain from the Kreditanstalt für Wiederaufbau further financial contributions for the preparation of the projects referred to in paragraph 3 (b) to (g) above or for attendant measures required for their implementation and support.

(5) The projects referred to in paragraph 3 (b) to (g) above may be replaced by other projects if the Government of the Federal Republic of Germany and the Government of the People's Republic of Bangladesh so agree.

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<sup>1</sup> United Nations, *Treaty Series*, vol. 1392, p. 83.

## Article 2

The utilization of the amounts referred to in Article 1 of this Agreement as well as the terms and conditions on which they are made available shall be governed by the provisions of the agreements to be concluded between the recipients of the financial contributions and the Kreditanstalt für Wiederaufbau, which agreements shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

## Article 3

The Government of the People's Republic of Bangladesh shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in the People's Republic of Bangladesh in connection with the conclusion and implementation of the agreements referred to in Article 2 of the present Agreement.

## Article 4

The Government of the People's Republic of Bangladesh shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea, land or air of persons and goods as results from the granting of the financial contributions, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the German area of application of this Agreement, and grant any necessary permits for the participation of such enterprises.

## Article 5

The procedure to be followed in awarding contracts for supplies and services for projects financed from the financial contributions pursuant to Article 1 (3) (b) to (g) of this Agreement shall be determined in the financing agreements to be concluded between the recipients of the financial contributions and the Kreditanstalt für Wiederaufbau.

## Article 6

With regard to supplies and services resulting from the granting of the financial contributions, the Government of the Federal

Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

#### Article 7

This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the People's Republic of Bangladesh within three months of the date of entry into force of this Agreement.

#### Article 8

This Agreement shall enter into force on the date of signature thereof.

Done at Dhaka on October 11, 1988, in duplicate in the German, Bangla and English languages, all three texts being authentic. In case of divergent interpretations of the German and Bangla texts, the English text shall prevail.

For the Government  
of the Federal Republic of Germany:

A. PROTZ

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

MUJIBUR RAHMAN

**Annex 1**  
**to the Agreement of October 11, 1988**  
**between the Government of the Federal Republic of Germany**  
**and the Government of the People's Republic of Bangladesh**  
**concerning Financial Co-operation**

List of projects pursuant to Article 1 (2) (a) of this Agreement:

(a) Joydevpur Diesel Motor Factory	DM	146,781.08
(b) Counselling for the management of the Joydevpur Diesel Motor Factory	DM	123,092.42
(c) Telecommunications		
– programme-tied Commodity Aid VI	DM	18,507.52
– programme-tied Commodity Aid IX	DM	14,303.18
– programme-tied Commodity Aid XI	DM	80,093.18
(d) Fertilizer imports		
– programme-tied Commodity Aid XV	DM	38,916.12
	<u>DM</u>	<u>421,693.50</u>
(e) Bangladesh Shilpa Bank III	DM	436,067.70
Bangladesh Shilpa Bank IV	DM	9,940,348.99
(f) Bangladesh Shilpa Rin Sangstha II	DM	348,111.17
Bangladesh Shilpa Rin Sangstha III	DM	<u>10,000,000.00</u>
	<u>DM</u>	<u>20,724,527.86</u>
Total	<u>DM</u>	<u>21,146,221.36</u>



**Annex 2**  
**to the Agreement of October 11, 1988**  
**between the Government of the Federal Republic of Germany**  
**and the Government of the People's Republic of Bangladesh**  
**concerning Financial Co-operation**

1. List of goods and services eligible for financing from the financial contribution under Article 1 (3) (a) of the intergovernmental Agreement of
    - (a) Industrial raw and auxiliary materials as well as semi-manufactures,
    - (b) industrial equipment as well as agricultural machinery and implements,
    - (c) spare parts and accessories of all kinds,
    - (d) chemical products, in particular plant protection agents, pesticides, medicaments and dyes,
    - (e) means of transport,
    - (f) other industrial products of importance for the development of the People's Republic of Bangladesh,
    - (g) advisory services, patents and licence fees.
  2. Imports not included in the above list may only be financed with the prior approval of the Government of the Federal Republic of Germany.
  3. The importation of luxury and consumer goods for personal needs as well as any goods and facilities serving military purposes may not be financed from the financial contribution.
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