No. 6371

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and AUSTRALIA, CANADA, FEDERAL REPUBLIC OF GERMANY, NEW ZEALAND, PAKISTAN, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and UNITED STATES OF AMERICA

Indus Basin Development Fund Agreement (with annexes). Signed at Karachi, on 19 September 1960

Official text: English.

Registered by the International Bank for Reconstruction and Development on 23 November 1962.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et AUSTRALIE, CANADA, RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE, NOUVELLE-ZÉLANDE, PAKISTAN, ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD et ÉTATS-UNIS D'AMÉRIQUE

Accord (avec annexes) relatif au Fonds de développement du bassin de l'Indus. Signé à Karachi, le 19 septembre 1960

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 23 novembre 1962.

No. 6371. INDUS BASIN DEVELOPMENT FUND AGREEMENT[1] BETWEEN THE GOVERNMENTS OF THE COMMONWEALTH OF AUSTRALIA, CANADA, THE FEDERAL REPUBLIC OF GERMANY, NEW ZEALAND, PAKISTAN, THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE UNITED STATES OF AMERICA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT KARACHI, ON 19 SEPTEMBER 1960

AGREEMENT, dated this 19th day of September, 1960 between the Governments of the COMMONWEALTH OF AUSTRALIA (Australia), CANADA (Canada), the FEDERAL REPUBLIC OF GERMANY (Germany), NEW ZEALAND (New Zealand), PAKISTAN (Pakistan), the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (United Kingdom) and the UNITED STATES OF AMERICA (United States) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter sometimes called the Bank).

WHEREAS the Government of India (India) and Pakistan have concluded (subject to exchange of ratifications) the Indus Waters Treaty 1960[2] (hereinafter called the Treaty, and of which a copy is annexed hereto as Annexure A) providing *inter alia*, for the sharing between India and Pakistan of the use of the waters of the Indus Basin ;

AND WHEREAS the effective utilization by Pakistan of the waters assigned to it by the Treaty entails the construction of a system of works part of which will accomplish the replacement of water supplies for irrigation canals in Pakistan which hitherto have been dependent on water supplies from the waters assigned by the Treaty to India ;

AND WHEREAS, by the terms of Article V of the Treaty, India has undertaken to make a payment of £62,060,000 towards the costs of the replacement part of such works, such sum to be paid to an Indus Basin Development Fund to be established and administered by the Bank ;

AND WHEREAS, in concluding the Treaty, Pakistan has been influenced by the consideration that financial assistance of the nature and amounts specified hereinafter will be made available to Pakistan ;

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[1] Came into force on 12 January 1961, the date of entry into force of the Indus Water Treaty 1960, with retroactive effect as from 1 April 1960, in accordance with the provisions of article XIII.

[2] United Nations, *Treaty Series*, Vol. 419, p. 125.

AND WHEREAS Australia, Canada, Germany, New Zealand, the United Kingdom, the United States and the Bank, in view of the importance which they attach to a settlement of the Indus Waters problem from the point of view both of the economic development of the area and of the promotion of peace and stability therein, have agreed as hereinafter set forth, to make a contribution towards the costs of such system of works and also to make such contribution available through the above-mentioned Indus Basin Development Fund ;

NOW THEREFORE, the Parties hereto agree as follows :

Article 1

ESTABLISHMENT OF INDUS BASIN DEVELOPMENT FUND

Section 1.01. There is hereby established the Indus Basin Development Fund (hereinafter called the Fund), constituted by the monies which the contracting parties shall from time to time transfer to the Fund in accordance with Articles II and III of this Agreement, together with the monies to be paid to the Fund by India under the provisions of Article V of the Treaty, and any other assets and receipts therein, to be held in trust and administered by the Bank and used only for the purposes, and in accordance with the provisions, of this Agreement.

Section 1.02. The Fund and its assets and accounts shall be kept separate and apart from all other assets and accounts of the Bank and shall be separately designated in such appropriate manner as the Bank shall determine.

Section 1.03. The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

Article II

CONTRIBUTIONS TO FUND

Section 2.01. Each of the Governments specified below undertakes, as a party to this Agreement, subject to such parliamentary or congressional action as may be necessary, to make a contribution to the Fund in its own currency of the nature and in the amount specified opposite its name below :

		Grant	*Loan*
Australia.	£A	6,965,000	—
Canada	Can.$	22,100,000	—
Germany.	DM.	126,000,000	—
New Zealand	£NZ	1,000,000	—
United Kingdom	£	20,860,000	—
United States.	U.S.$	177,000,000	Proceeds of a U.S. dollar loan to Pakistan (repayable in rupees) in an amount not exceeding U.S.$70,000,000 (hereinafter referred to as the United States loan).

Section 2.02. The following contribution (hereinafter referred to as the Bank loan) will also be made to the Fund :

The proceeds of a loan to Pakistan from the Bank in an amount not exceeding U.S.$80,000,000 equivalent, of which the terms and conditions are set out in the Loan Agreement annexed hereto as Annexure B.[1]

Section 2.03. The United States, in addition to its contributions specified in Section 2.01 above, undertakes, subject to any necessary Congressional action, to make a contribution to the Fund of an amount in Pakistan rupees (hereinafter called rupees) equivalent to U.S.$235 million. This contribution shall be in the form of grants or loans or both to Pakistan in amounts and under conditions to be agreed between the United States and Pakistan.

Section 2.04. Pakistan undertakes to make the following contributions to the Fund :

(*a*) a contribution in pounds sterling of £440,000, and

(*b*) a contribution in rupees in an amount equivalent to £9,850,000.

Article III

PROVISIONS REGARDING PAYMENT OF CONTRIBUTIONS

Section 3.01. Upon the entry into force of this Agreement the Administrator shall promptly notify each Party of the amount required to be contributed by it to the Fund to cover estimated disbursements of the Fund during the half-year period commencing 1st October 1960, and shall before the beginning of each succeeding half-year period commencing 1st April or 1st October thereafter (at a time to be agreed in each case between the Administrator and the Party concerned) notify each Party of the amount so required to be contributed by it for such period. Each Party undertakes to make the payment specified in such notice at the time and in the amounts specified therein. The payments of the contributions under Section 2.01 hereof shall be made in the currency of the Party concerned, freely useable or convertible for purchases anywhere, or in such other currency or currencies as may be agreed between the Party and the Administrator. Each payment to the Fund shall be made to or on the order of the Administrator as specified in the notice covering the same.

Section 3.02. It is understood and agreed that :

(*a*) the payment to be made to the Fund by Pakistan in pounds sterling shall be £22,000 in each half-year,

(*b*) the payment to be made to the Fund by New Zealand shall be £NZ. 50,000 in each half-year,

[1] See p. 280 of this volume.

(*c*) in each half-year the amount called up for payment to the Fund from the sources specified in Sections 2.01 and 2.02 hereof shall (after leaving out of account the payment by Pakistan under (*a*) above and the payment by New Zealand under (*b*) above) be divided between grants and loans in the ratio of 65 to 35 : Provided that:

(i) the aggregate payments from grants, as so determined, shall be apportioned among the contributing Parties according to the percentages set out below :

	%
Australia	5.13
Canada	7.63
Germany	9.86
United Kingdom	19.20
United States	58.18
	100.00

and (ii) the aggregate payments from loans, as so determined, shall be apportioned between the Bank loan and the United States loan in the ratio of 80 to 70, or in such other ratio as the Bank and the United States may, from time to time, agree.

Section 3.03. It is understood and agreed that the aggregate rupee requirements of the Fund during each half-year shall be met as follows :

(*a*) By a payment to the Fund by Pakistan in rupees in the equivalent of £492,500.

(*b*) The balance thereof :

(i) as to 60%, from contributions to the Fund under Section 2.03 hereof, and

(ii) as to 40%, from rupees which the Administrator shall cause the Fund to purchase, against foreign exchange, from the State Bank of Pakistan.

Section 3.04. A preliminary estimate of the annual amounts to be contributed to the Fund by each Party to this Agreement is annexed hereto as Annexure C.[1] The Administrator will keep such estimate as up to date as possible and will promptly notify the Parties of any material changes therein.

Section 3.05. The Parties hereto agree to accept the Administrator's decision as to estimated requirements and receipts of the Fund for the purposes of Sections 3.01, 3.02 and 3.03 hereof, and as to the best practical method of accomplishing the apportionment provided for in Sections 3.02 and 3.03 hereof, using approximate amounts and estimates ; provided, however, that no Party shall be obligated to make any payment to the Fund except to the extent it shall have undertaken so to do either by

[1] See p. 282 of this volume