

No. 6781

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

**Development Credit Agreement—*Industrial Estates Project*
(with related letters, annexed Development Credit
Regulations No. 1 and Project Agreement between the
Association and the Province of West Pakistan).
Signed at Washington, on 2 November 1962**

Official text: English.

Registered by the International Development Association on 18 June 1963.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

**Contrat de crédit de développement — *Projet relatif aux
domaines industriels* (avec lettres y relatives et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment et le Contrat relatif au projet entre l'Association et
la Province du Pakistan occidental). Signé à
Washington, le 2 novembre 1962**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 juin 1963.

No. 6781. DEVELOPMENT CREDIT AGREEMENT¹
(*INDUSTRIAL ESTATES PROJECT*) BETWEEN THE
REPUBLIC OF PAKISTAN AND THE INTERNA-
TIONAL DEVELOPMENT ASSOCIATION. SIGNED AT
WASHINGTON, ON 2 NOVEMBER 1962

AGREEMENT, dated November 2, 1962, between REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Province of West Pakistan have requested the Association to assist in the financing of a project in the Province of West Pakistan for the development of two industrial estates, one at Gujranwala and the other at Sialkot and the establishment of service facilities for small industries;

WHEREAS the Province of West Pakistan will, with the Borrower's assistance, carry out or cause to be carried out the said Project and, as part of such assistance, the Borrower will make available to the Province of West Pakistan the proceeds of the development credit provided for herein; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date² herewith between the Province of West Pakistan and the Association;

NOW THEREFORE the parties hereto agree as follows :

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

- (a) Section 6.02 is amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement. "

¹ Came into force on 15 March 1963, upon notification by the Association to the Government of Pakistan.

² See p. 372 of this volume.

- (b) Paragraph 5 of Section 9.01 is amended to read as follows :
“ 5. The term ‘ Borrower ’ means Republic of Pakistan, acting by its President. ”
- (c) For the purposes of this Agreement the term “ goods ” as defined in paragraph 10 of Section 9.01 shall include any property required for the Project.

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

- (a) The term “ Province ” means the Province of West Pakistan, a political subdivision of the Borrower.
- (b) The term “ Project Agreement ” means the agreement between the Province and the Association of even date herewith, providing for the carrying out of the Project, and shall include any amendments thereof made by agreement between the Province and the Association.
- (c) The term “ W.P.I.D.C. ” means West Pakistan Industrial Development Corporation, a corporation established under the Provincial Industrial Development Corporation (West Pakistan) Ordinance, 1962, and shall include any successor to “ W.P.I.D.C. ”.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million five hundred thousand dollars (\$6,500,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. The Borrower shall be entitled, subject to the provisions of this Agreement, and except as the Association and the Borrower shall otherwise agree, to withdraw from the Credit Account :

- (a) the equivalent of such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project and, if the Association shall so agree, such amounts as shall be required to meet payments therefor; and

- (b) in addition, the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing, such percentage or percentages to be established on the basis that the Credit (including amounts referred to under (a) above) is intended, when fully withdrawn, to provide foreign exchange equivalent to 50% of all expenditures on the Project up to the equivalent of \$13,000,000, representing part of the estimated total cost of the Project.

Provided, however, that no withdrawals shall be made on account of expenditures prior to September 1, 1961.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each April 15 and October 15 commencing April 15, 1973 and ending October 15, 1982, each instalment to and including the instalment payable on October 15, 1982 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule¹ to this Agreement and for the provision of foreign exchange required for the cost of such goods. The specific goods to which the proceeds of the Credit are to be applied and the methods and procedures for

¹ See p. 364 of this volume.

procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out, operated and maintained with due diligence and efficiency and in conformity with sound industrial, engineering and financial standards and practices.

(b) The Borrower shall take all action which shall be necessary on its part to enable the Province to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by the Province.

Section 4.02. (a) The Borrower shall relend the proceeds of the Credit or the equivalent thereof to the Province on terms and conditions satisfactory to the Association.

(b) The Borrower shall at all times make or cause to be made available to the Province, promptly as needed, all sums and other resources which shall be required for the carrying out of the Project.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.04. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.