

No. 7190

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Chandpur Irrigation Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of East Pakistan). Signed at Washington, on 26 July 1963

Official text: English.

Registered by the International Development Association on 2 April 1964.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT**

**et
PAKISTAN**

Contrat de crédit de développement—*Projet d'irrigation de la région de Chandpur* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la province du Pakistan oriental). Signé à Washington, le 26 juillet 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 2 avril 1964.

No. 7190. DEVELOPMENT CREDIT AGREEMENT¹ (*CHANDPUR IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 26 JULY 1963

AGREEMENT, dated July 26, 1963, 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 East Pakistan have requested the Association to assist in the financing of Phase I of the Tippera-Chittagong Multipurpose Project for flood protection, drainage and irrigation near Chandpur in the Province of East Pakistan ;

WHEREAS the Province of East Pakistan will, with the Borrower's assistance, carry out or cause to be carried out Phase I of said Project and, as part of such assistance, the Borrower will make available to the Province of East 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 East 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 31 January 1964, upon notification by the Association to the Government of Pakistan.

² See p. 160 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 East 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 “E.P.W.A.P.D.A.” means East Pakistan Water and Power Development Authority, an authority established under the East Pakistan Water and Power Development Authority Ordinance, 1958, and shall include any successor to E.P.W.A.P.D.A.

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 nine million dollars (\$9,000,000).

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. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account :

- (a) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project ;
- (b) 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 Parts A, B and C of the Project and not included in the foregoing ; and

- (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs.

Provided, however, that no withdrawals shall be made on account of expenditures prior to the date of this Agreement.

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 January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 1 and July 1 commencing January 1, 1974 and ending July 1, 2013, each installment to and including the installment payable on July 1, 1983 to be one-half of one percent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half percent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF 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. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

¹ See p. 156 of this volume.

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 engineering, agricultural 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.

Section 4.05. This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.