No. 7768

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN

Development Credit Agreement—*Indus Basin Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 21 July 1964

Official text: English.

Registered by the International Development Association on 11 May 1965.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
PAKISTAN

Contrat de crédit de développement — *Projet relatif au bassin de l'Indus* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 21 juillet 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 mai 1965.

No. 7768. DEVELOPMENT CREDIT AGREEMENT[1] (*INDUS BASIN PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 21 JULY 1964

AGREEMENT, dated July 21, 1964, between ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower, the International Bank for Reconstruction and Development (hereinafter called the Bank) and the Governments of the Commonwealth of Australia, Canada, the Federal Republic of Germany, New Zealand, the United Kingdom of Great Britain and Northern Ireland and the United States of America have on September 19, 1960 entered into the Indus Basin Development Fund Agreement, 1960[2] (being hereinafter called the " 1960 Agreement " and the parties thereto being hereinafter collectively called the " Parties "), providing, *inter alia*, for the creation and administration of, and contributions by the Parties (including the Bank) to, the Indus Basin Development Fund (hereinafter called the " Fund "), to be held and administered by the Bank as Administrator (the term " Administrator " being hereinafter used to refer to the Bank acting in that capacity pursuant to the 1960 Agreement);

(B) The Bank's contribution to the Fund was in the form of a loan to the Borrower in various currencies equivalent to $90,000,000 (including interest during construction) in accordance with a loan agreement between the Borrower and the Bank dated September 19, 1960;[3]

(C) By The Indus Basin Development Fund (Supplemental) Agreement, 1964 signed on March 31, 1964 and April 6, 1964[4] (hereinafter called the " 1964 Agreement ") the Parties have agreed to make supplemental contributions to the Fund on the terms and conditions and for the purposes in said Agreement set forth, including a supplemental contribution from the Bank, which could be a loan from the Bank, a credit from the Association, or both, as the Bank and the Association shall determine;

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[1] Came into force on 14 September 1964, upon notification by the Association to the Government of Pakistan.

[2] United Nations, *Treaty Series*, Vol. 444, p. 259.

[3] United Nations, *Treaty Series*, Vol. 444, p. 207.

[4] United Nations, *Treaty Series*, Vol. 503, p. 388.

WHEREAS the Association and the Bank have determined, pursuant to Section 2.04 of the 1964 Agreement, that the Bank's supplemental contribution under the 1964 Agreement shall be in the form of a credit to the Borrower from the Association; and

WHEREAS the Association has agreed upon the basis, *inter alia*, of the foregoing to make available a development credit to the Borrower on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows :

Article I

CREDIT REGULATIONS

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,[1] 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*) The second sentence of Section 2.02 is deleted.

(*b*) Section 3.01 is deleted and Sections 3.02 and 3.03 are renumbered as Sections 3.01 and 3.02 respectively.

(*c*) The following new Section 3.03 is inserted after Section 3.02, as so renumbered :

" SECTION 3.03. *Purchase of Currency of Withdrawal With Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.02. "

(*d*) The first sentence of Section 4.01 is deleted.

(*e*) Section 4.02 is deleted.

(*f*) Paragraph 5 of Section 9.01 is amended to read as follows :

" 5. The term ' Borrower ' means Islamic Republic of Pakistan, acting by its President. "

(*g*) Paragraph 9 of Section 9.01 is amended to read as follows :

" 9. The term ' Project ' means the works and the Study referred to in Section 4.01 of the 1964 Agreement and the project or projects for which

[1] See p. 388 of this volume.

any balance of non-rupee assets remaining in the Fund shall be made available for use by the Borrower pursuant to Section 4.02 of that Agreement. "

(*h*) For the purposes of this Development Credit Agreement, the term " goods " as defined in paragraph 10 of Section 9.01 shall include any property required for the Project.

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 fifty-eight million five hundred and forty thousand dollars ($58,540,000).

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 shall be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement.

Section 2.03. Upon receipt by the Bank of a notice from the Administrator pursuant to Section 3.01 of the 1960 Agreement specifying the amounts required to be contributed by the Bank under the 1960 Agreement and the 1964 Agreement to cover the Bank's share of the estimated disbursements of the Fund during the period specified in such notice, the Bank and the Association shall agree what portion, if any, of such amounts shall be paid by the Association, and the Association shall withdraw such portion from the Credit Account and pay it to the Fund at the time or times specified or permitted in such notice, in dollars or in such other currency or currencies as shall be agreed between the Administrator and the Association.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Such service charge shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each March 1 and September 1 commencing March 1, 1975 and ending September 1, 2014, each instalment to and including the instalment payable on September 1, 1984 to be one-half of one per cent ($^1/_2$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1^1/_2$ %) of such principal amount.