

No. 7775

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*East Pakistan Education Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of East Pakistan). Signed at Washington, on 25 March 1964

Official text: English.

Registered by the International Development Association on 13 May 1965.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet relatif à l'enseignement au Pakistan oriental* (avec lettres y relatives 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 25 mars 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 mai 1965.

No. 7775. DEVELOPMENT CREDIT AGREEMENT¹ (*EAST PAKISTAN EDUCATION PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 25 MARCH 1964

AGREEMENT, dated March 25, 1964, between the ISLAMIC REPUBLIC OF PAKISTAN acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in the financing of a project in the Province of East Pakistan to improve and expand facilities at the East Pakistan Agricultural University at Mymensingh (hereinafter called the University); to equip eight technical institutes; and to further technical teacher training at the Technical Teacher Training College at Dacca;

WHEREAS the Province of East 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 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, 1961,³ 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) :

¹ Came into force on 10 September 1964, upon notification by the Association to the Government of Pakistan.

² See p. 68 of this volume.

³ See p. 66 of this volume.

(a) Section 3.01 is deleted and the following new Section is substituted therefor :

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“ (i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

“ (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“ (c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. ”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *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 3.03. ”

(c) Section 3.04 is renumbered as Section 3.05.

(d) Section 6.02 is amended by inserting the words “ or the Project Agreement ” after the words “ the Development Credit Agreement. ”

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

“ 5. The term ‘ Borrower ’ means the Islamic Republic of Pakistan, acting by its President. ”

Section 1.02. Wherever used in this Agreement or in the Schedule¹ 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

¹ See p. 58 of this volume.

carrying out of the Project, and shall include any amendments thereof made by agreement between the Province and the Association.

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 four million five hundred thousand dollars (\$4,500,000).

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. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and of the Regulations, 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 Part (A) (1) 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 withdrawals shall not be made on account of expenditures prior to January 1, 1963;

Provided, further, that withdrawals shall not be made : on account of Part (A) (1) of the Project unless and until the Province has transferred land to the University in accordance with Section 2.01 (d) of the Project Agreement and unless and until the Province has retained for, or caused to be retained by, the University : (i) a full-time qualified architect or engineer to advise on the construction phase of the Project and to assist it in its relations with the consulting architects and contractors; and (ii) qualified and experienced consulting architects satisfactory to the Association, to prepare detailed plans based upon Part (A) of the Schedule to this Agreement and to supervise construction at the University; nor on account of equipment for any one of the technical institutes named in Part (B) of the Project unless and until the Association is satisfied that the buildings at

that institute have reached the appropriate stage of construction and readiness for procurement of the equipment for that particular institute; nor on account of Part (B) of the Project unless and until the Province has appointed to its Directorate of Technical Education a full-time qualified project director satisfactory to 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 ($\frac{3}{4}$ 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 2.05. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 15 and September 15 commencing March 15, 1974 and ending September 15, 2013, each installment to and including the installment payable on September 15, 1983 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment 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 Schedule to this Agreement. The specific goods to which the proceeds of the Credit are to be applied 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.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound technical standards and with due regard to economy and shall cause the educational institutions included in the Project to be operated in accordance with sound educational practices.