

No. 8099

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Agricultural Development Bank Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Agricultural Development Bank of Pakistan). Signed at Washington, on 30 June 1965

Official text: English.

Registered by the International Development Association on 9 February 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Projet de la Banque de développement agricole* (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 Banque de développement agricole du Pakistan). Signé à Washington, le 30 juin 1965

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 9 février 1966.

No. 8099. DEVELOPMENT CREDIT AGREEMENT¹ (*AGRICULTURAL DEVELOPMENT BANK PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 30 JUNE 1965

AGREEMENT, dated June 30, 1965, 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 and the Agricultural Development Bank of Pakistan have requested the Association to assist in the financing of a lending program for agricultural development which will, *inter alia*, facilitate the purchase of farm machinery and the installation of tubewells;

WHEREAS the Agricultural Development Bank of Pakistan will, with the Borrower's assistance, carry out or cause to be carried out this lending program and, as part of such assistance, the Borrower will make available to the Agricultural Development Bank of Pakistan the proceeds of the development credit provided herein ; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement² of even date herewith between the Agricultural Development Bank of 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):

(a) The second sentence of Section 2.02 is deleted.

¹ Came into force on 3 September 1965, upon notification by the Association to the Government of Pakistan.

² See p. 128 of this volume.

³ See p. 126 of this volume.

(b) 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 ; and

"(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."

(c) 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."

(d) Section 3.04 is renumbered as Section 3.05.

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

(f) 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 Schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

- (a) The term "Agricultural Bank" means the Agricultural Development Bank of Pakistan established under the Agricultural Development Bank Ordinance, 1961 of the Borrower.
- (b) The term "Project Agreement" means the agreement between the Agricultural Bank 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 Agricultural Bank 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 twenty-seven million dollars (\$27,000,000).

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 and of the Regulations, to withdraw from the Credit Account :

- (a) 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 lent by the Agricultural Bank to finance the reasonable cost of goods required for carrying out the Project ; and
- (b) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under (a) hereof ;

Provided, however, that withdrawals shall not be made on account of expenditures prior to July 1, 1965.

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 rate of one-half of one per cent ($\frac{1}{2}$ of 1%) 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 April 1 and October 1 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 April 1 and October 1 commencing October 1, 1975 and ending April 1, 2015, each installment to and including the installment payable on April 1, 1985 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. 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 agricultural, engineering, economic and financial practices.

(b) The Borrower shall re-lend the proceeds of the Credit or the equivalent thereof to the Agricultural Bank on terms and conditions to be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 4.02. (a) The Borrower shall at all times make or cause to be made available to the Agricultural Bank, promptly as needed, all sums and other resources which shall be required for the carrying out of the Project.

(b) The Borrower shall take all action which shall be necessary on its part to enable the Agricultural Bank 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 Agricultural Bank.

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.