No. 8252

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN

Development Credit Agreement—*Commercial Road Vehicles Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 13 January 1966

Official text: English.

Registered by the International Development Association on 12 July 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
PAKISTAN

Contrat de crédit de développement — *Projet relatif aux véhicules routiers commerciaux* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 13 janvier 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 12 juillet 1966.

No. 8252. DEVELOPMENT CREDIT AGREEMENT[1] (*COMMERCIAL ROAD VEHICLES PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 13 JANUARY 1966

AGREEMENT, dated January 13, 1966, between the ISLAMIC REPUBLIC OF PAKISTAN acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

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 2.02 is deleted and the following new Section is substituted therefor :

"SECTION 2.02. *Service Charges.* Service charges at the rate specified in the Development Credit Agreement shall be payable respectively (i) on the principal amount of the Credit withdrawn from the Credit Account and outstanding from time to time, and (ii) on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 and outstanding from time to time. "

(*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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods acquired out of the proceeds of the Credit shall be paid in the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 :

[1] Came into force on 10 February 1966, upon notification by the Association to the Government of Pakistan.

[2] See p. 88 of this volume.

(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 acquired 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 8.04 is deleted.

(*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. Unless the context otherwise requires, the term "Specified Enterprises" wherever used in this Development Credit Agreement means such firms engaged in the assembling of commercial vehicles listed below and such other firms as shall be designated by the Association :

(*a*) Ali Automobiles Limited ;

(*b*) Ghandhara Industries Limited ;

(*c*) Haroon Industries Limited ;

(*d*) Mack Trucks of Pakistan Limited.

Article II

THE CREDITS

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to twenty-five million dollars ($25,000,000).

Section 2.02. The Association shall open a Credit Account on its books 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, the Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree :

(*a*) The Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account : (i) amounts expended for the reasonable cost of goods to be acquired out of the proceeds of the Credit ; and (ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(*b*) No withdrawals shall be made on account of expenditures prior to January 1, 1966.

(*c*) No withdrawals shall be made on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (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 percent (1/2 of 1%) per annum on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each April 15 and October 15 commencing April 15, 1976 and ending October 15, 2015, each instalment to and including the instalment payable on October 15, 1985 to be one-half of one percent (1/2 of 1%) of such principal amount, and each instalment thereafter to be one and one-half percent (1 1/2%) of such principal amount.

Article III

Use of Proceeds of Credit

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to the provision of the foreign exchange required to cover the cost of acquiring the goods needed to carry out the Project. The specific goods to be acquired 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.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods acquired out of the proceeds of the Credit to be imported into the territories of the Borrower and to be used in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall carry out, or cause to be carried out, the Project with due diligence and efficiency.

(*b*) During calendar year 1966, the Borrower shall issue to Specified Enterprises for vehicle components and to other enterprises for double-decker buses import licenses for vehicle components and double-decker buses upon terms and conditions agreed from time to time by the Association.

(*c*) The Borrower shall make available promptly as needed all foreign exchange which shall be required to carry out the Project.

(*d*) The Borrower shall : (i) maintain or cause to be maintained records adequate to identify the goods acquired out of the proceeds of the Credit, to disclose the use thereof in the Project and to record the progress of the Project ; (ii) enable the Association's representatives to inspect the relevant records and documents related to the Project, the goods acquired out of the proceeds of the Credit, the Specified Enterprises and the other enterprises which shall acquire goods out of the proceeds of the Credit ; and (iii) furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the Project and the Specified Enterprises which shall acquire goods out of the proceeds of the Credit, the goods acquired out of the proceeds of the Credit and the expenditure of the proceeds of the Credit.

Section 4.02. (*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.