

No. 8355

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN

Development Credit Agreement — *Foodgrain Storage 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 10 February 1966

Official text: English.

Registered by the International Development Association on 11 October 1966

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN

Contrat de crédit de développement — *Projet de stockage des céréales alimentaires* (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 10 février 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 octobre 1966.

No. 8355. DEVELOPMENT CREDIT AGREEMENT ¹
(*FOODGRAIN STORAGE PROJECT*) BETWEEN THE
ISLAMIC REPUBLIC OF PAKISTAN AND THE INTER-
NATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT
WASHINGTON, ON 10 FEBRUARY 1966

AGREEMENT, dated February 10, 1966, between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Province of East Pakistan have requested the Association to assist in financing a project for the establishment of modern grain storage and handling facilities in the Province of East Pakistan ;

WHEREAS Sweden has by an agreement of even date herewith agreed to make available to the Borrower a credit in a principal amount of twenty-five million Swedish kronor equivalent at present parity rates to four million eight hundred thousand dollars (\$4,800,000) for the purpose aforesaid ;

WHEREAS the Province of East Pakistan will, with the Borrower's assistance, carry out the said project or cause it to be carried out and the Borrower will as part of such assistance make available to the Province of East Pakistan the proceeds of the development credit provided for herein and the proceeds of the aforesaid credit from Sweden ;

WHEREAS the Borrower, Sweden and the Association have by an agreement of even date herewith ² made arrangements for the processing of applications for withdrawal of the proceeds of the financing to be provided by the Association and Sweden, and for the regulation of other matters of common interest connected with such financing ; and

WHEREAS the Association is willing on the basis of the foregoing, to make a development credit available on the terms and conditions provided herein, in a project agreement of even date ³ herewith between the Province of East Pakistan and the Association, and in the aforesaid agreement between the Borrower, Sweden, and the Association ;

¹ Came into force on 19 April 1966, upon notification by the Association to the Government of Pakistan.

² See p. 129 of this volume.

³ See p. 112 of this volume.

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to the Development Credit 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 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. ”

(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 re-numbered Section 3.05.

¹ See p. 112 of this volume.

(e) Sections 4.01, 4.02, 4.03, 4.04 and 4.05 are deleted, and Section 4.06 is re-numbered Section 4.01.

(f) Section 5.03 is deleted and the following new Section is substituted therefor :

“ SECTION 5.03. *Cancellation by the Association.* If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days or (b) by the date specified in the Development Credit Agreement as the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account or (c) if by June 30, 1967 the actions listed in the Schedule to this Agreement shall not have been carried out to the satisfaction of the Association and there shall remain unwithdrawn any amount of the Credit, the Association may by notice to the Borrower terminate, in whole or in part, the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Credit shall be cancelled. If, however, the Borrower informs the Association that the Province is ready to award contracts for the construction of any or all of the silos (except Chalna), then for the purposes of this Sub-Section (c) hereof the Association will determine before June 30, 1967, whether the actions listed in the Schedule to this Agreement have been carried out satisfactorily. ”

(g) Section 6.02 is amended by inserting the words “ the Project Agreement, the Swedish Agreement or the Administration Agreement ” after the words “ the Development Credit Agreement. ”

(h) Section 7.02 is deleted and the following is substituted therefor :

“ SECTION 7.02. *Evidence of Authority.* The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person. ”

(i) Paragraph 9 of Section 9.01 is modified as follows :

“ The term ‘ Project ’ means the project for which the Credit is granted, as described in the Schedule to the Administration Agreement and as the description thereof shall be amended from time to time by agreement between the parties thereto. ”

(j) Section 8.04 is deleted.

(k) 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. ”

(l) For the purposes of the Development Credit Agreement the term “ goods ” as defined in paragraph 10 of Section 9.01 shall include any immovable property required for the Project.

Section 1.02. Wherever used in the Development Credit Agreement or in any schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(a) “ Province ” means the Province of East Pakistan, a political subdivision of the Borrower.

(b) “ Project Agreement ” means the agreement between the Province and the Association of even date herewith, providing for the carrying out of the Project.

(c) “ Swedish Agreement ” means the agreement referred to in Section 6.01 (a) of this Agreement, as the same may from time to time be amended by agreement of the parties thereto.

(d) “ Swedish Credit ” means the financing made available to the Borrower under the Swedish Agreement.

(e) “ Administration Agreement ” means the agreement referred to in Section 6.01 (b) of this Agreement, as the same may from time to time be amended by agreement of the parties thereto.

(f) “ Food Department ” means the Food Department of the Government of East Pakistan or any successor agency thereof responsible for the regulation and control of procurement, storage, supply and distribution of foodgrains and with responsibility for carrying out the Project.

(g) “ Sweden ” means the Kingdom of Sweden.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to nineteen million two hundred thousand dollars (\$19,200,000).

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