

No. 8468

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN**

Development Credit Agreement—*Second East Pakistan Education 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 17 June 1966

Official text: English.

Registered by the International Development Association on 14 December 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de crédit de développement — *Deuxième projet relatif à l'enseignement au Pakistan oriental* (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 17 juin 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 14 décembre 1966.

No. 8468. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND EAST PAKISTAN EDUCATION PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 17 JUNE 1966

AGREEMENT, dated June 17, 1966, 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 for the improvement and expansion of the East Pakistan Agricultural University at Mymensingh and five technical institutes in the Province of East Pakistan;

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 date herewith² between the Association and the Province of East Pakistan;

NOW THEREFORE the parties hereto hereby 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, 1961² 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 28 July 1966, upon notification by the Association to the Government of Pakistan.

² See p. 316 of this volume.

(a) The second sentence of Section 2.02 is amended by deleting the words “ at the same rate ” and substituting therefor the words “ at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum ”.

(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 required.

(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 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) Section 8.04 is deleted.

(g) 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 Development Credit Agreement, unless the context otherwise requires, the following terms 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 Association and the Province of even date herewith, providing for the carrying out of the Project, and shall include any amendments thereof made by agreement between the Association and the Province.

(c) The term "University" means the East Pakistan Agricultural University at Mymensingh in the Province.

(d) The term "Technical Institutes" means the five technical institutes at Barisal, Bogra, Pabna, Rangpur and Sylhet all in the Province.

(e) The term "Third Five Year Plan" means the national plan of development of the Borrower, as described in a document entitled *The Third Five Year Plan (1965-70)* dated June, 1965 and as it shall be modified from time to time.

Article II

THE CREDIT

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 thirteen million dollars (\$13,000,000).

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, the Development Credit Agreement.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, 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 Parts (A) (1) and (B) (1) of the Project and not included in the foregoing subsection (a); 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 subsections;

Provided however, that withdrawals shall not be made on account of expenditures prior to the date of this Development Credit Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourth 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.

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

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semiannual installments payable on each April 15 and October 15 commencing October 15, 1976 and ending April 15, 2016, each installment to and including the installment payable on April 15, 1986 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.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territory of the Borrower exclusively in the carrying out of the Project.

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, administrative and financial practices and shall cause the University and the Technical Institutes to be operated so as to promote the educational objectives of the Third Five Year Plan.

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