No. 9302

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and PAKISTAN

Loan Agreement—*Tarbela Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 10 July 1968

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 November 1968.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et PAKISTAN

Contrat d'emprunt – *Projet relatif à Tarbela* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 10 juillet 1968

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 novembre 1968.

No. 9302. LOAN AGREEMENT[1] *(TARBELA PROJECT)* BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 10 JULY 1968

AGREEMENT, dated July 10, 1968, between ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Governments of Canada, France, Italy, the United Kingdom of Great Britain and Northern Ireland and the United States of America, the Borrower and the Bank have on May 2, 1968 entered into the Tarbela Development Fund Agreement, 1968[2] (being hereinafter called the " Fund Agreement " and the parties thereto being hereinafter collectively called the " Parties "), providing, *inter alia*, for the creation and administration of, and contributions by the Parties (including the Bank) to, the Tarbela Development Fund (hereinafter called the " Fund "), to be held and administered by the Bank as Administrator (the term " Administrator " being hereinafter used to refer to the Bank acting in that capacity pursuant to the Fund Agreement) ;

WHEREAS the Bank's contribution to the Fund is to be in the form of a loan to the Borrower in various currencies equivalent to $ 25,000,000 on terms and conditions, not inconsistent with the Fund Agreement, to be agreed between the Borrower and the Bank ; and

WHEREAS the Bank has agreed upon the basis, *inter alia*, of the foregoing to make a loan to the Borrower on the terms and conditions hereinafter set forth ;

NOW THEREFORE the parties hereto agree as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 as amended

[1] Came into force on 2 August 1968, upon notification by the Bank to the Government of Pakistan.
[2] United Nations, *Treaty Series*, Vol. 637, p. 41.

February 9, 1967 [1], with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) :

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

(*b*) Section 3.02 is deleted.

(*c*) The words " and the charge for any special commitment pursuant to Section 4.02 " in Section 3.05 are deleted.

(*d*) Article IV is deleted.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars ($ 25,000,000).

Section 2.02. The Bank shall open a Loan Account in the name of the Borrower and shall credit to such Loan Account the amount of the Loan. The amount of the Loan shall be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and in the Loan Regulations.

Section 2.03. Upon request by the Administrator, the Bank shall withdraw from the Loan Account and pay to the Fund, at such times and in such currencies as shall be agreed between the Bank and the Administrator, the amounts to be paid by the Bank to the Fund in each half-yearly period pursuant to Section 3.05 (*b*) of the Fund Agreement and such additional amounts as the Bank, at the request of the Administrator, shall agree.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1 %) per annum on the principal amount of the Loan not so withdrawn from the Loan Account. Such commitment charge shall accrue from the date on which the Bank shall make the first withdrawal from the Loan Account.

Section 2.05. The Borrower shall pay interest on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower,

[1] See p. 48 of this volume.

at the time when the Bank shall make the first withdrawal from the Loan Account, as being the rate generally applicable to new Bank loans of the same maturity to similar borrowers.

Section 2.06. Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.08. (*a*) Upon notification by the Administrator, in accordance with Section 4.01 of the Fund Agreement, of any reduction of the amounts to be contributed by the Bank, an amount of the Loan equal to such reduction shall be cancelled.

(*b*) The premium specified in the amortization schedule set forth in Schedule 1 to this Agreement shall not be payable on any amount of the Loan repaid from the Fund to the Bank in advance of maturity pursuant to Section 4.01 of the Fund Agreement.

Article III

USE OF THE PROCEEDS OF THE LOAN

Section 3.01. The amounts withdrawn from the Loan Account shall, subject to the provisions of Section 8.04 of the Fund Agreement, become available to the Borrower only as provided in the Fund Agreement. Such amounts, as they become available to the Borrower from the Fund, shall be used by the Borrower in accordance with the provisions of the Fund Agreement exlusively to finance the cost of goods required for the carrying out of the Project described in the Schedule to the Fund Agreement, as said description may be amended in accordance with the Fund Agreement.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. A Secretary to the Government of Pakistan, Ministry of Finance, and such person or persons as he shall appoint in writing are designed as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.